

DEPARTMENT OF DEFENSE



**ANNUAL
STATEMENT
OF ASSURANCE**

VOLUME II

FOR FISCAL YEAR 1999

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EXECUTIVE SUMMARY

Volume II

The Federal Managers' Financial Integrity Act (FMFIA) requires that the Head of each Executive Agency provide an annual statement of assurance to the President and the Congress stating whether the goals of the Act are being achieved. As indicated, Volumes I and II of this Annual Statement of Assurance, and the Department of Defense (DoD) Financial Management Improvement Plan provide the basis for the Department's position on reasonable assurance.

-- Enclosure A provides a statistical summary of DoD FMFIA performance. It summarizes all DoD Component weaknesses noted in both Volume I and Volume II. DoD systemic weaknesses are not included in this count. Of the 989 problems identified from FY 1983 through FY 1999, 878 (89 percent) have been resolved. It also shows the number of nonconforming finance, accounting, and feeder systems: 153.

-- Enclosure B-1 contains two lists: 40 DoD Component material weaknesses not related to the DoD systemic weaknesses that require corrective action (Enclosure B-2) and weaknesses corrected in this period (Enclosure B-3).

-- Enclosure B-2 describes the 27 pending material weaknesses contained in this volume and action plans to correct them. Other unresolved DoD Component material weaknesses are itemized as related initiatives to the DoD systemic weaknesses in Volume I.

-- Enclosure B-3 contains information about the 13 material weaknesses contained in this volume which were corrected during FY 1999. Other resolved DoD Component material weaknesses are itemized as related initiatives to the DoD systemic weaknesses in Volume I.

-- The requirements of Section 4 of the FMFIA, are satisfied in the Department of Defense Financial Management Improvement Plan. The National Defense Authorization Act of 1998 directed DoD to create the Plan. The Plan is required to address financial management within DoD, including feeder systems not owned or controlled by the financial community that provide data to the Department's finance and accounting systems. Since the Plan addresses almost all aspects of DoD's financial management operations, it covers many of the financial reporting requirements specified in other regulatory legislation. The Plan is structured as a single integrated plan that incorporates these other regulatory reporting requirements. As a result, the information contained in the Plan also satisfies the requirements of Section 4 of the Federal Managers' Financial Integrity Act of 1982. After signature, both the DoD FY 1999 Annual Statement of Assurance and the 1999 Financial Management Improvement Plan will be available at www.dtic.mil/comptroller on the world wide web.

ENCLOSURE A

STATISTICAL SUMMARY OF PERFORMANCE

Section 2. Internal Control
Number of Material Weaknesses

<u>Period Reported</u>	<u>Number Reported In</u>	<u>For Each Year, Number Corrected</u>	<u>Number Pending at Year End</u>
Prior Years	880	835	45
1997 Report	29	16	13
1998 Report	42	25	17
1999 Report	<u>38</u>	<u>2</u>	<u>36</u>
Total	<u>989</u>	<u>878</u>	<u>111</u>

Of the total number corrected, how many were corrected in FY 1999? 55

Section 4. Financial Management Systems
Number of Material Nonconforming Systems

<u>Period Reported (Reflects Current Status)</u>	<u>(1) Quantity All Financial Management Systems (Opening #)</u>	<u>(2) Nonconforming Financial Management Systems (Opening #)</u>	<u>(3) Net changes (Corrections, Consolidations, Eliminations, Additions)</u>	<u>(4) Quantity All Financial Management Systems (Closing #)</u>	<u>(5) Nonconforming Financial Management Systems (Closing #)</u>
Prior Years	281	276	-64	217	211
1997 Report	217	211	+22	239*	239*
1998 Report	239*	239*	-47	192*	192*
1999 Report	192	192	-49	168	153

Note: Column 2 is a subset of Column 1 and Column 5 is a subset of Column 4. Column 3 reflects all systems modifications. Because of the nature of some modifications, conforming and nonconforming systems may be affected by an action that is common to both (i.e., consolidation). As the number of systems is reduced, some system consolidations and revisions affect the number of systems, but may or may not affect the number of nonconforming systems.

*Figures have been changed to include the addition of critical feeder systems, and are as reported in the June 1999 OMB "Federal Financial Management Status Report and Five-Year Plan."

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
LISTS OF UNCORRECTED AND CORRECTED MATERIAL WEAKNESSES

This enclosure contains two lists. The first list, starting on page B-1-2, enumerates those topical areas identified as having uncorrected material weaknesses. However, weaknesses which are subsets of a DoD systemic weakness are not reported in Enclosure B of Volume II, but are identified in an itemized listing at the conclusion of each applicable systemic weakness in Volume I. DoD Component uncorrected weaknesses not covered by the systemic weaknesses, but material enough to be reported by Components, are disclosed in Enclosure B-2. The first list includes the title of the weakness, fiscal year in which it was first reported, target year for correction reported in the FY 1998 FMFIA report, current target year for correction, and the page number within Enclosure B-2 where the material weakness and corrective action plan are described in greater detail.

The second list, starting on page B-1-5, is a compilation of Enclosure B-3 material weaknesses corrected during FY 1999 which are not itemized in Volume I as a subset of a systemic weakness. The fiscal year in which the weaknesses were first reported and a corresponding page number in Enclosure B-3 are provided.

Weaknesses, both uncorrected and corrected, are listed by the Department of Defense category designations displayed below. Within each category, weaknesses are listed chronologically, starting with the most current year, FY 1999.

- Communications/Intelligence/Security
- Comptroller and/or Resource Management
- Force Readiness
- Information Technology
- Manufacturing, Maintenance, and Repair
- Personnel and/or Organizational Management
- Procurement
- Property Management
- Security Assistance
- Supply Operations
- Support Services
- Other

LIST OF UNCORRECTED MATERIAL
WEAKNESSES
 (DESCRIPTIONS FOUND AT ENCLOSURE B-2)

<u>Title</u>	<u>Year First Report</u>	<u>Correction Last Statement</u>	<u>FY Date This Statement</u>	<u>Hard-copy Page Number</u>	<u>Electronic- Copy Page Number</u>
<u>Comptroller and/or Resource Management</u>					
Unliquidated and Invalid Obligations	1999	N/A	2000	B-2-1	12
Civil Air Patrol Oversight and Funds Control	1999	N/A	2001	B-2-4	15
Improper Utilization of Administrative Vehicles	1998	2000	2000	B-2-6	17
Overstatements of Accounts Payable	1998	1999	2000	B-2-8	19
Disbursements in Excess of Obligations	1994	1999	2000	B-2-11	22
<u>Force Readiness</u>					
Instructor Requirements and Student Input Planning	1999	N/A	2005	B-2-14	25
Unit Chemical and Biological Defense Readiness Training	1999	N/A	2000	B-2-17	28
Accuracy of the Air Combat Command Status of Resources and Training System	1999	N/A	2001	B-2-20	31
Automated Mobilization System	1988	2002	2002	B-2-22	33
Computer-Based Training in the Navy	1997	2000	2002	B-2-27	38
Host Nation Support	1995	Indefinite	2004	B-2-29	40

LIST OF UNCORRECTED MATERIAL
WEAKNESSES
(DESCRIPTIONS FOUND AT ENCLOSURE B-2)

<u>Title</u>	<u>Year First Report</u>	<u>Correction Last Statement</u>	<u>FY Date This Statement</u>	<u>Hard-copy Page Number</u>	<u>Electronic- copy page Number</u>
<u>Information Technology</u>					
Military Health System Data Quality Management Controls	1999	N/A	2000	B-2-33	44
Combating Computer Software Piracy	1999	N/A	2000	B-2-37	48
Defense Communications Systems/Management Information Systems	1990	1999	2000	B-2-39	50
<u>Personnel/Organizational Management</u>					
Individual Augmentation for Contingency Operations and Exercise Deployment Outside the United States	1999	N/A	2002	B-2-43	54
Customer Service Call Center Call Center Call Backlog	1999	N/A	2002	B-2-45	56
Workers' Compensation	1999	N/A	2001	B-2-49	60
Defense Civilian Pay System Input Fraud	1999	N/A	2000	B-2-51	62
Manpower Requirements Determination System	1997	2002	2002	B-2-55	66
Air National Guard Training	1997	1999	2000	B-2-62	73
Lessons Learned Information from Major Training Exercises	1996	1999	2000	B-2-65	76
Navy Enlisted Classification Code Training	1993	1999	2000	B-2-68	79

LIST OF UNCORRECTED MATERIAL
WEAKNESSES
 (DESCRIPTIONS FOUND AT ENCLOSURE B-2)

<u>Title</u>	<u>Year First Report</u>	<u>Correction Last Statement</u>	<u>FY Date This Statement</u>	<u>Hard-copy Page Number</u>	<u>Electronic- Copy page Number</u>
<u>Procurement</u>					
Radio Frequency Spectrum Certification Process	1999	N/A	2003	B-2-71	82
<u>Security Assistance</u>					
Financial Management of Foreign Military Sales	1997	1999	2000	B-2-74	85
<u>Supply Operations</u>					
Spare Parts Accountability Controls	1999	N/A	2001	B-2-77	88
<u>Support Services</u>					
Management of Historical Property in the Air Force Museum System	1996	1999	2000	B-2-79	90
<u>Other</u>					
Pollution Prevention	1998	2000	2001	B-2-82	93

LIST OF MATERIAL
WEAKNESSES CORRECTED IN FY 1999
 (DESCRIPTIONS FOUND AT ENCLOSURE B-3)

<u>Title</u>	<u>Year First Reported</u>	<u>Hard-copy Page Number</u>	<u>Electronic- copy Page Number</u>
<u>Communications/Intelligence/Security</u>			
Intelligence Oversight	1997	B-3-1	96
Foreign Liaison Officer Program	1997	B-3-4	99
<u>Comptroller and/or Resource Management</u>			
Processing of Reported Potential Violations of the Antideficiency Act	1998	B-3-6	101
National Guard United States Property and Fiscal Officer Rating Chain	1998	B-3-8	103
Deficiencies in Management Control Program	1996	B-3-12	107
Civilian Retirement Claims Processing	1991	B-3-15	110
<u>Personnel and/or Organizational Management</u>			
Hearing Conservation Program	1998	B-3-18	113
Naval Selected Reserve Force Mobilization Requirements	1992	B-3-20	115
Records Management	1992	B-3-23	118

LIST OF MATERIAL
WEAKNESSES CORRECTED IN FY 1999
 (DESCRIPTIONS FOUND AT ENCLOSURE B-3)

<u>Title</u>	<u>Year First Reported</u>	<u>Hard-copy Page Number</u>	<u>Electronic- copy Page Number</u>
<u>Property Management</u>			
Unaccompanied Enlisted Personnel Housing	1999	B-3-26	121
Controls Over Personal Property at Closed and Realigned Bases	1999	B-3-28	123
Navy Management of Missile Storage, Handling, and Inspections	1996	B-3-30	125
<u>Other</u>			
Management and Administration of International Agreements in the U.S. Central Command	1998	B-3-32	127

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTIONS ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Unliquidated and Invalid Obligations. Within the Operation and Maintenance, Navy (O&M,N) appropriation, some activities were not verifying that only valid obligations were entered into its accounting system. "Holding" documents (existing valid obligations to which funds were being added, or the creation of an invalid obligation for the same purpose) were being used to maintain control of funds while waiting for valid obligation documents to be processed. Major claimants were deobligating funds from field commands without the commands' knowledge and approval. Additional guidance was needed to instruct field activities to commit rather than obligate funding for "holding" documents in order to maintain control of funds and that funds not be deobligated from field activities without the field activities' knowledge and approval.

Invalid obligations were also associated with indefinite delivery contracts and basic ordering agreements. Systems Commands did not have adequate internal controls to ensure that they and their subordinate commands would perform complete and timely reviews of unliquidated contractual obligations and deobligate invalid contractual obligations. Unmatched disbursements existed in the Department of the Navy's (DON) accounting system because: (1) funding organizations did not always obligate funds properly; (2) disbursing office controls were not adequate to ensure prompt detection and correction of errors; (3) accounting data accuracy was not maintained; and (4) resolving unmatched disbursements was not timely.

Functional Category: Comptroller and/or Resource Management

Pace of Corrective Action:

Year Identified: FY 1999

Original Targeted Correction Date: FY 2000

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: FY 2000

Reason For Change in Date(s): N/A

Component/Appropriation/Account Number: Various, i.e., Operations and Maintenance, Navy (OMN) (171804), Other Procurement, Navy (OPN) (171810), Navy Working Capital Fund (NWCF) (17X4930), Aircraft Procurement, Navy (APN) (171506), Weapons Procurement, Navy (WPN) (171507)

Validation Process: All corrective action(s) are certified by the responsible components upon completion and reviewed through on site verification, subsequent audit, inspection, quality assurance review, and management control review.

Results Indicators: DON activities will implement various policies and procedures to ensure that (1) funds control systems maintain accurate unobligated and unexpended balances, (2) reviews of unliquidated contractual obligations are timely and complete, and (3) invalid contractual obligations are deobligated. Proper funds control will reduce the likelihood of a violation of the Antideficiency Act.

Source(s) Identifying Weakness: Naval Audit Service (NAVAUDSVC) Report Number 053-98, "Deobligation and Reobligation of Operation and Maintenance, Navy Funds," September 30, 1998. NAVAUDSVC Report Number 025-99, "Obligations Associated Primarily with Indefinite Delivery Contracts and Basic Ordering Agreements," February 18, 1999. General Accounting Office/Accounting and Information Management Division (GAO/AIMD) Report Number 99-19, "Financial Management: Problems in Accounting for Navy Transactions Impair Funds Control and Financial Reporting," January 19, 1999.

Major Milestones in Corrective Action: (C=Completed)

Completed Milestones:

Date:	Milestone:
C	Instruct field commands to discontinue using "holding" documents and stress the importance of entering only valid obligations into the accounting system.

Planned Milestones (FY 2000):

Date:	Milestone:
3/00	Promulgate policy that funds not be deobligated from field activities without the field activities' knowledge and approval.
9/00	Verification: All corrective actions will be certified by the responsible component(s) through command inspections and quality assurance reviews, and audits.

Planned Milestones (Beyond FY 2000):

Date:	Milestone:
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	None.
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DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTION ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Civil Air Patrol Oversight and Funds Control. The Air Force needs to improve controls over Air Force funds provided to the Civil Air Patrol. Existing controls did not ensure compliance with applicable laws and regulations or proper execution of transactions and events.

Functional Category: Comptroller and/or Resource Management

Pace of Corrective Action:

Year Identified: FY 1999

Original Targeted Correction Date: FY 2001

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: FY 2001

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Air Force, Operation and Maintenance, 57*3400

Validation Process: Air Force Audit Agency will perform a followup audit.

Results Indicators: The Air Force will have proper control over how funds are provided to the Civil Air Patrol.

Source(s) Identifying Weakness: Air Force Audit Agency (AFAA) Report of Audit: Air Force Oversight of Fiscal Year 1996 Civil Air Patrol Corporation Activities, EB098013, May 12, 1998.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Air Force inspection team reviewed existing policy and procedures regarding Civil Air Patrol use of appropriated funds.

C Civil Air Patrol agreed to implement the funding requirements contained in the Federal Grant and Cooperative Agreement Act.

Planned Milestones (FY 2000):

Date:	Milestone:
9/00	Revise Air Force Instruction (AFI) 36-5001, Organization and Function of the Civil Air Patrol.

Planned Milestones (Beyond FY 2000):

Date:	Milestone:
9/01	A cooperative agreement between the Civil Air Patrol and the Air Force will be in place that will allow the Air Force to have better accountability of funds given to the Civil Air Patrol.
9/01	The Air Force Audit Agency will perform a followup audit.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTIONS ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Improper Utilization of Administrative Vehicles. The DON did not have a systemic mechanism (validation process) within the transportation management structure to enforce DON policy requiring resources be organized and managed to ensure optimum responsiveness, efficiency, and economy in support of the Department of Defense mission. Naval installations did not ensure that only the minimum necessary amount of administrative vehicles were used to satisfy mission requirements.

Functional Category: Comptroller and/or Resource Management

Pace of Corrective Action:

Year Identified: FY 1998

Original Targeted Correction Date: FY 2000

Targeted Correction Date in Last Year's Report: FY 2000

Current Target Date: FY 2000

Reason For Change in Date(s): N/A

Component/Appropriations/Account Number: Various

Validation Process: All corrective action(s) are certified by the responsible components upon completion and reviewed through on site verification, subsequent audit, inspection, quality assurance review, and management control review.

Results Indicators: With the implementation of Installation Management Regionalization, transportation management will be consolidated and centralized under regional commanders, who will issue regional guidelines that will set a clear process for allocation of vehicles.

Source(s) Identifying Weakness: Naval Audit Service (NAVAUDSVC) Report Number 030-98, "Management of Non Tactical Administrative Transportation Vehicles," March 24, 1998.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
	None.

Planned Milestones (FY 2000):

Date:	Milestone:
9/00	Coordinate and/or direct major Claimants, Regional Commanders, and Installation Commanders to review and rejustify all administrative vehicles (Alpha Codes A through N) using DoD mileage standards of other documented alternative measurement criteria to justify vehicle retention.
9/00	Coordinate and/or direct major Transportation Equipment Management Centers (TEMCs) to redistribute those vehicles identified through Recommendation 1 as not justified or needed to where vehicles are needed, dispose of overaged and unneeded vehicles, and delete the inventory objective associated with these vehicles to avoid future procurements.
9/00	Centralize vehicle transportation management function into a single process under Regional Commanders and/or Host Installation management claimants to include a validation unit and a vehicle supplier, and develop a regional transportation program.
9/00	Verification: On site verifications, subsequent audits, inspections, quality assurance reviews, and management control reviews verify all actions are completed.

Planned Milestones (Beyond FY 2000):

Date:	Milestone:
	None.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTIONS ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Overstatement of Accounts Payable. The Office of the Secretary of Defense (OSD) review of the working capital fund accounts payable balances identified that the Defense Working Capital Fund, Communications and Information Services Activity (DWCF-CISA) accounts payable balance is overstated due to the six year retention of all unliquidated payables.

Functional Category: Comptroller and/or Resource Management

Pace of Corrective Action:

Year Identified: 1998

Original Targeted Correction Date: 1999

Targeted Correction Date in Last Year's Report: 1999

Current Target Date: 2000

Reason For Change in Date(s): Delay in testing/implementing new automated processing and in developing procedures for monitoring Communication Service Authorizations (CSAs).

Component/Appropriation/Account Number: Defense Working Capital Fund (DWCF), 97X4930.5F20.

Validation Process: The Defense Information Technology Contracting Organization (DITCO) reclassified \$53.6 million accounts payable balances dated in FY 1996 or earlier to a contingent liability account as of September 30, 1998, based on guidance in DoD 7000-14, "DoD Financial Management Regulation ("DoD FMR")", Volume 10, Contract Payments. DITCO will adjust the account balance as of September 30, 1999 to reclassify all accounts payable balances dated FY 1997 or earlier to a contingent liability. In accordance with the "DoD FMR", DITCO is developing an automated process to write off accounts payable balances at the 24 month point, if they have not been invoiced or disputed. This process also provides for reestablishing the liability and paying the claim if a valid invoice is presented within the period provided by the statute of limitations (6 year period per the Disputes Act). DITCO will establish a contingent liability account to fund such potential claims. DITCO conducted a pilot statistical sample on the accounts payable items, and reviewed the associated accounts payable processes. DITCO concluded that conducting an expanded statistical sample would not provide additional information to resolve the problem. In place of the expanded sampling, DITCO will develop procedures to monitor each CSA for 120 days after the service completion date.

The purpose of monitoring is to identify any problems early and prevent such problems from going undetected for long periods of time.

Results Indicators: The valid invoices submitted after write off will be tracked via the automated process. After sufficient historical data has been developed, this information will be used to adjust the contingent liability amount quarterly. The CSA monitoring process will include actions to preclude or identify errors that result in inaccurate accounts payable balances. More accurate accounts payable balances will result in a smaller contingent liability. Revising the Basic Agreements will result in closing out applicable expired contracts after 2 years rather than the present 6 year period.

Source(s) Identifying Weakness: Management review of high balances on accounts payable accounts.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Reclassify balances from FY 1996 and prior to a contingent liability account, to be reflected in September 30, 1998 financial statements.
C	Conduct preliminary accounts payable sampling.

Planned Milestones (Fiscal Year 2000):

Date:	Milestone:
3/00	Implement automated write off process.
3/00	Develop a means to estimate the initial value of the contingent liability, and adjust the contingent liability to this amount.
3/00	Develop and implement procedures to monitor each CSA for 120 days after the service completion date.
3/00	Implement Basic Agreement clause for 2 year statute of limitations.
9/00	Verify correction of material weakness by adjusting the value of the contingent liability account quarterly, and monitoring balances.

Planned Milestones (Beyond FY 2000):

Date:	Milestone:
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	None.
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DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTIONS ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Disbursements in Excess of Obligations. As of December 31, 1993, the Defense Finance and Accounting Service (DFAS) reported a number of appropriations in which disbursements exceeded obligations or account balances were negative. As of September 30, 1999, there was only one appropriation in which disbursements exceeded obligations or account balances were negative.

Functional Category: Comptroller and/or Resource Management

Pace of Corrective Action:

Year Identified: FY 1994

Original Targeted Correction Date: FY 1996

Targeted Correction Date in Last Year's Report: FY 1999

Current Target Date: FY 2000

Reason for Change in Date(s): To allow adequate time to continue the ongoing process to research, establish, record, and report all necessary transactions to match disbursements to appropriate obligations. Also, to evaluate monthly problem disbursement reports provided by the DFAS, and to perform a comprehensive review of the status of all problem disbursements, by appropriation and by DoD Component.

Component/Appropriation/Account Number: 0300, Procurement, Defense, 8/0

Validation Process: Accounts with negative balances are researched to determine the cause(s) of the negative conditions, and required corrections are identified by the Office of the Under Secretary of Defense (Comptroller) (OUSD (C)), the DFAS, or the DoD Components, as appropriate. When necessary, additional funding is provided. These actions have resolved all but one appropriation with a negative balance. Additionally, the Inspector General, DoD was asked to investigate a number of accounts to determine if potential violations of the Antideficiency Act had occurred. To the extent that other accounts incur similar problems, comparable corrective actions are taken.

Results Indicator: The number of appropriation accounts in a negative condition has been reduced. A process has been put in place to ensure that appropriation managers will be notified promptly of adverse account conditions, and that actions are taken quickly to correct such conditions.

Source(s) Identifying Weakness: This weakness was identified by the Office of the Under Secretary of Defense (Comptroller).

Major Milestones in Corrective Actions: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Identified Appropriation Manager responsibilities.
C	Issued stop payment policy for account balances with disbursements in excess of obligations until the correction is made.
C	Identified DFAS responsibilities – notify appropriation manager of adverse negative condition, stop payment if applicable, research and correct negative condition, notify appropriation manager of need for additional funding, and notify appropriation manager that a potential violation of the Antideficiency Act should be reported and investigated.
C	Reduce the number of appropriation accounts with negative cash balances.
C	Policies and procedures put in place by the DFAS Indianapolis Center, as the single point of contact, for researching and correcting disbursements in excess of obligations in the Defense-wide 97 Accounts.

Planned Milestones (FY 2000):

Date:	Milestone:
Ongoing	Review status of Treasury Index 97 problem disbursements by evaluating monthly problem disbursements reports provided by the DFAS.
Yearly	Perform a comprehensive review of the status of all Treasury Index 97 problem disbursements, by appropriation and by DoD Component, in order to assess the success of prior fiscal year efforts and determine the current materiality of this management control weakness.

Planned Milestones (Beyond FY 2000):

Date:	Milestone:
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	None.
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DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTIONS ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Instructor Requirements and Student Input Planning. Department of the Navy (DON) training activities did not consistently support courses with valid, documented fleet or type command requirements. This resulted in inefficient use of training resources adversely impacting unit readiness by unnecessarily taking personnel away from their assigned duties. The absence of a requirement to periodically review the need for training courses contributed to the lack of supporting documentation. The internal control system to develop and revise student input plans was not adequate. These plans were based primarily on either historical input data or resource constraints, such as classroom capacity, instructor availability, student instructor ratio, equipment limitations, and budget controls. DON did not have an adequate basis for projected training loads to meet mission requirements causing inefficient use of training resources and lost operational work years. There was an absence of a defined process and a lack of accountability to develop and revise these plans. Different methodologies were used to develop and revise training requirements and student input plans for skills training. Also, the lack of an audit trail for student input plans resulted in unreliable forecasting of funding requirements. The number of DON instructor billets authorized exceeded requirements and was based on outdated information, contrary to DON policy. There was no control to ensure that authorized instructor billets agreed with requirements reported.

Functional Category: Force Readiness

Pace of Corrective Action:

Year Identified: FY 1999

Original Targeted Correction Date: FY 2005

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: FY 2005

Reason For Change in Date(s): N/A

Component/Appropriation/Account Number: Various, i.e., Military Personnel, Marine Corps (MPMC) (171105), Operations and Maintenance, Marine Corps (OMMC) (171106), Military Personnel, Navy (MPN) (171453), Operations and Maintenance, Navy (OMN) (171804)

Validation Process: All corrective action(s) are certified by the responsible components upon completion and reviewed through on site verification, subsequent audit, inspection, quality assurance review, and management control review.

Results Indicators: DON will support training requirements by developing, documenting, and implementing standard procedures and by establishing internal controls requiring the periodic validation of student input plans, by ensuring that these plans are properly recorded and utilized.

Source(s) Identifying Weakness: Naval Audit Service (NAVAUDSVC) Report Number 020-99, "Reliability of Information Used for Student Input Planning for Initial and Advanced Skills Training," January 8, 1999. NAVAUDSVC Report Number 033-99, "Requirements and Student Input Planning for "F" School Courses," April 16, 1999. NAVAUDSVC Report Number 052-99, "Marine Corps Instructor Requirements," September 3, 1999.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Establish internal controls to ensure only approved training requirements and student input plans are recorded in the Navy Integrated Training Resources Administration System.
C	Direct training activities to review "F" school courses they teach and deactivate those that do not support valid, documented needs.
C	Direct training activities to obtain appropriate documentation from applicable command when "F" school courses meet valid needs but lack supporting documentation.
C	Amend OPNAV Instruction 1500.47 to specifically require training activities to: (a) maintain documentation supporting the need for each "F" school course they teach; and (b) perform periodic reviews to validate the continuing need for each "F" school course.
C	Require training management systems similar to the Submarine Training Management Program System be fully developed that would identify specific "F" school course training requirements for all Navy communities and provide adequate procedures to assist training activities in planning student input loads.
C	Direct fleets, type commands, and shore activities having "F"

school course requirements to identify and consolidate requirements for subsequent input to a fully developed training management system, and provide requirements directly to applicable training activity until a fully developed system is available.

- C Direct training activities to use “F” school course requirement data received from the fleets, type commands, and shore activities to plan annual student input loads and input those planned loads into Navy Integrated Training Resources Administration System until a fully developed training management system is available.

Planned Milestones (FY 2000):

Date:	Milestone:
3/00	Develop, document, and implement standard procedures for determining (a) formal training requirements and (b) student input plans.
3/00	Designate an accountable official to validate and approve changes to training requirements and student input plans.
9/00	Marine Corps will develop a Training Development System (TDS) methodology to focus on staff resources and accurately capture the resources necessary to support not only a course of instruction but the school as a whole.

Planned Milestones (Beyond FY 2000):

Date:	Milestone:
9/04	Using the TDS methodology, the Marine Corps will modernize the nature of Marine Corps training by developing more effective and efficient delivery techniques using technology, traditional instruction, and practical application.
9/05	Verification: Validation of the implementation of the corrective milestones will be accomplished by an on site verification.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTIONS ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Unit Chemical and Biological Defense Readiness Training. The Department of the Navy (DON) management controls were not adequate to ensure that unit commanders fully integrated chemical and biological (CB) defense with unit mission training exercises. The requirement to fully integrate CB defense training with unit mission training included conducting combat, combat support, combat service support, and command and control exercises. Although DON required training assessments at different levels, unit level CB defense readiness assessment and reporting did not provide adequate measures and feedback to determine whether units could successfully complete their wartime missions under CB conditions.

Functional Category: Force Readiness

Pace of Corrective Action:

Year Identified: FY 1999

Original Targeted Correction Date: FY 2000

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: FY 2000

Reason For Change in Date(s): N/A

Component/Appropriation/Account Number: Various, i.e., Operations and Maintenance, Marine Corps (OMMC) (171106) and Operations and Maintenance, Navy (OMN) (171804)

Validation Process: All corrective action(s) are certified by the responsible components upon completion and reviewed through on site verification, subsequent audit, inspection, quality assurance review, and management control review.

Results Indicators: Full integration of CB defense with unit mission training and accurate readiness reports reflect unit readiness to successfully conduct wartime missions under CB conditions.

Source(s) Identifying Weakness: Inspector General, Department of Defense (IG, DoD) Report Number 98-174, "Unit Chemical and Biological Defense Readiness Training," July 17, 1998.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Marine Corps commanders will conduct periodic training briefings that will address unit readiness under chemical and biological conditions.
C	Prior to deployment, unit commanders are provided updated intelligence reports which include the chemical and biological threat in their area of operations.
C	Marine Corps will use both the Marine Corps Combat Readiness Evaluation System and Marine Corps Inspector General (IG) Readiness Assessment team reports in assessing unit readiness under CB conditions.
C	Marine Corps Combat Readiness and Evaluation System evaluations are conducted biannually for all Marine Air Ground Task Force elements. These evaluations include chemical and biological scenarios. Marine Expeditionary Units must accomplish a mission under chemical and biological defense condition to be certified as special operation capable.
C	Marine Corps will require the results of the Marine Corps Combat Readiness Evaluation System evaluations and IG Readiness Assessment team visits be forwarded through the chain of command to Headquarters, Marine Corps (HQMC).

Planned Milestones (FY 2000):

Date:	Milestone:
9/00	Require DON activities to report periodically to the appropriate DON Commander on chemical and biological defense training conducted.
9/00	Verification: Validation of the implementation of the corrective milestones will be accomplished by an on site verification.

Planned Milestones (Beyond FY 2000):

Date:	Milestone:
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	None.
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DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTION ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Accuracy of the Air Combat Command (ACC) Status of Resources and Training System (SORTS). Internal controls do not effectively ensure the accuracy of status reporting of ACC personnel, equipment and supplies, and training. This could cause ACC to incorrectly conclude that units were ready to fully meet their wartime tasking, when in fact, qualifying conditions existed.

Functional Category: Force Readiness

Pace of Corrective Action:

Year Identified: FY 1999

Original Targeted Correction Date: FY 2001

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: FY 2001

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Air Force, Operations and Maintenance, 57*3400.

Validation Process: The ACC Inspector General (IG) will perform a followup audit.

Results Indicators: Corrective actions should ensure error free, timely and accurate reporting of ACC unit personnel, equipment and supply status by unit SORTS monitors.

Source(s) Identifying Weakness: Air Force Audit Agency Report of Audit: Status of Resources and Training for Headquarters (HQ) ACC Operations, EL099077, July 15, 1999.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Provide audit findings to field activities, to consider during self inspections.

C Review ACC units SORTS training.

Planned Milestones (FY 2000):

Date:	Milestone:
9/00	Supplement existing Air Force Instruction (AFI) 10-201, Status of Resources and Training System, with specific procedures and examples for reporting ACC personnel, equipment and supply status.
9/00	Revalidate units' Designed Operational Capability Statements.
9/00	Correct personnel specialty coding errors and mismatches.
9/00	Expand Unit SORTS Manager course to include training in reporting procedures and processes.
9/00	Increase emphasis on unit SORTS reporting and training during staff assistance visits.
9/00	Improve crossflow of ACC SORTS trend analysis and "lessons learned" among ACC units.

Planned Milestones (Beyond FY 2000):

Date:	Milestone:
9/01	The ACC IG will perform a followup audit.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTIONS ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Automated Mobilization System. Army mobilization exercises in 1976, 1978, and 1980 highlighted that the capability did not exist within the Reserve Component structure (Army National Guard and Army Reserve) for maintaining mobilization essential data, and the ability to rapidly respond to mobilization requirements was lacking. Managers at mobilization stations and transportation agencies did not have access to timely and accurate information necessary for the mobilization decision making process. These mobilization needs were to be satisfied originally through the Continental Army Management Information System initiated in 1979. In August 1986 the Army restructured its Reserve Component Automation System (RCAS) and in February 1988, the RCAS project effort was assigned to the Chief, National Guard Bureau (NGB). When completed the RCAS will satisfy the automation requirements of the reserve component for day-to-day operations and will significantly enhance their mobilization preparedness and mobilization execution capability. It will provide timely and accurate data which can be accessed by Army systems and activities involved in the decision making process for the mobilization of the Reserve Component.

Functional Category: Force Readiness

Pace of Corrective Action:

Year Identified: FY 1988

Original Targeted Correction Date: FY 1990

Targeted Correction Date in Last Year's Report: FY 2002

Current Target Date: FY 2002

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Army/Operations and Maintenance, Army Reserve; Operations and Maintenance, Army National Guard; Other Procurement, Army

Validation Process: US Army Audit Agency (USAAA) in conjunction with the Army National Guard will validate corrective actions. This will be a thorough process that will involve field and functional proponents' input; benefits analysis; independent verification and validation; technical test and evaluation; operational testing; field participation in the evaluation process; RCAS has an established and approved Acquisition Program Baseline which details the Department of the Army and Office of the Secretary of Defense (OSD) Major Automated Information Systems Review Council (MAISRC) review cycle for

each incremental release. Defense Acquisition Executive Summary (DAES) Quarterly Reports are submitted to the Milestone Decision Authority providing updated status. In addition, periodic General Officer Steering Committee meetings are held to monitor the progress of RCAS implementation.

Results Indicators: The Army will be able to more effectively plan and execute mobilization of the Army Reserve and Army National Guard contingency forces.

Source(s) Identifying Weakness: General Accounting Office (GAO) Report, "General Management Review of the Reserve Components," November 1988.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Effected interim actions and controls to resolve the immediate deficiencies. <ul style="list-style-type: none">a. Place management control of RCAS program with the Chief, NGB.b. New Program Manager (PM) charter approved by the Secretary of the Army and forwarded to Congress.c. Army Reserve General Officer assigned as RCAS PM.
C	Developed an automated information system to satisfy the long range permanent needs for mobilization and the administration and management requirements of the Army National Guard and Army Reserve for day-to-day operations. <ul style="list-style-type: none">a. Complete Functional Description.b. Issue draft Request for Proposal (RFP).
C	Completed Department of the Army (DA) MAISRC Milestone I.
C	Completed OSD MAISRC Milestone I.
C	Released the final RFP for a fully competitive Office of Management and Budget Circular A-109, acquisition approach.
C	Contracted for Competitive Demonstration.

- C Conducted and evaluated Competitive Demonstration.
- C Contracted for fielding of critical elements.
- C Completed DA MAISRC Milestone II.
- C Completed OSD MAISRC Milestone II.
- C Completed System Design Review.
- C Contracted for fielding of critical elements.
- C Established Technical Test Bed.
- C Completed Preliminary Design Review (PDR) for Block 1 software.
- C Completed Critical Design Review (CDR) for Block 1 software.
- C Installed RCAS at Limited User Test sites.
- C Conducted Limited User Test at 21 sites.
- C Completed technical testing of improved Block X software.
- C Delivered Block X hardware and software to approximately 2500 units. Concluded preliminary design review for Block 1 software containing human resource and force authorization functionality.
- C Formed a Red Team of experts from the Active Army, Guard and Reserve Components to Review the RCAS program, at the request of the Chief, NGB. The team recommended changes to the direction of the overall program. Changes include moving from an x-terminal to a personal computer base, removing multilevel security requirements, providing a separate system for classified data, and centralizing data at State Area Commands and Major United States Army Reserve Commands.
- C Formed a Validation Assessment Team consisting of members with functional, technical, budget and contracting experience to validate the Red Team recommendations and perform necessary contracting actions to effect program restructure. The direction of the revised program was briefed and approved by the General Officer Steering Committee and the OSD MAISRC.

- C Conducted Beta Demonstrations of revised architecture which is based on extensive use of commercial off the shelf (COTS) and government off the shelf (GOTS).
- C Completed Contract Modification/Proposal preparation.
- C Awarded renegotiated Contract.
- C Completed Integrated Baseline Review.
- C Completed Independent Operational Test conducted by US Army Operational Test and Evaluation Command.
- C Completed a System Level Design Review (SLDR).
- C Received Overarching Integrated Process Team (OIPT) MAISRC approval to field Increment 1 COTS hardware and software and Wide Area Network telecommunications.
- C Completed data and applications software pilot project in December 1996.
- C Completed the RCAS Year 2000 Action Plan in December 1996.
- C Completed the Army Technical Architecture (ATA) Migration Plan - Part II Implementation Detail and submitted it to the Army Digitization Office.
- C Completed OSD MAISRC IPR (IIPT) in March 1997.
- C Completed Operational Testing of Increment 2 in October 1997.
- C Completed fielding pilot project in October 1997.
- C Received OIPT MAISRC fielding approval (Milestone IIIb) in January 1998. (Database servers, Software Pilot project, some Logistics functionality and Government off the shelf (GOTS) software.
- C Began Increment 2 fielding in January 1998.
- C Completed integrated Baseline Review in March 1998.
- C Completed OSD IIPT in July 1998.
- C Contract Renewal in September 1998 with option year 3.

- C Completed OSD IIPT in April 1999.
- C Completed operational testing of Increment 3 in August 1999.
- C Contract Renewal in September 1999 with option year 4.

Planned Milestones (FY 2000):

Date:	Milestone:
03/00	Milestone Decision point for Increment 3 in October 1999 (force authorization, training and security functionality).
03/00	Begin fielding of Increment 3 in October 1999.
03/00	Integrated Baseline Review First Quarter FY 2000.
09/00	Operational Test and Evaluation Command evaluation of Increment 4.
09/00	Projected Milestone decision point for Increment 4 in April 2000.
09/00	Begin fielding of Increment 4 in April 2000.
09/00	OSD IIPT IPR in July 2000.

Planned Milestones (Beyond FY 2000):

Date:	Milestone:
09/02	Full functionality with completion of Increment 7.
09/02	USAAA in conjunction with Army National Guard will validate corrective actions.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTIONS ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Computer Based Training (CBT) in the Navy. CBT offers a means of increasing training effectiveness and efficiency. The Department of the Navy's (DON) front end analysis, configuration management, and funding justification controls are weak, increasing the probability that benefits of CBT will not be achieved. About one third of the activities reviewed did not implement CBT to take advantage of new technology, to keep pace with modern training techniques, and to enhance existing training methods. Expected monetary benefits may not be achieved. The process used to determine whether CBT is the correct method of training and ensure that CBT is kept current needs strengthening. Governing regulations contribute to activities failing to perform front end analysis and configuration management planning, CBT and visual information regulations overlap, instructions provide no distinction in requirements for CBT development efforts differing in complexity, cost, or distribution, and regulations do not provide for CBT development efforts that encompass multiple media.

Functional Category: Force Readiness

Pace of Corrective Action:

Year Identified: FY 1997

Original Targeted Correction Date: FY 1999

Targeted Correction Date in Last Year's Report: FY 2000

Current Target Date: FY 2002

Reason For Change in Date(s): CBT regulatory requirements will be published after publication of Department of Defense Instruction (DoDI) 1322.20, "Development and Management of Interactive Courseware (ICW) for Military Training," Assistant Secretary of Defense (Force Management and Personnel) (ASD (FM&P)).

Component/Appropriation/Account Number: Operations and Maintenance, Navy (OMN) (171804)

Validation Process: All corrective action(s) are certified by the responsible components upon completion and reviewed through on site verification, subsequent audit, inspection, quality assurance review, and management control review.

Results Indicators: Training time will be reduced by effective use of CBT. As a result, training costs also will be reduced.

Source(s) Identifying Weakness: Naval Audit Service (NAVAUDSVC) Report Number 034-97, "Implementation of Computer Based Training in the Navy," April 29, 1997.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	The problem of overlap between CBT and visual information regulations is resolved.
C	Correct Navy database errors.
C	Provide guidance for funding CBT projects.

Planned Milestones (FY 2000):

Date:	Milestone:
	None

Planned Milestones (Beyond FY 2000):

Date:	Milestone:
3/01	Establish a method to identify, document, track and reprogram projected benefits.
3/01	Establish thresholds for documentation requirements for CBT development.
9/01	Publish CBT development regulatory requirements.
9/01	Clarify governing policy for development of courseware using advanced training technology.
3/02	Verification: On site verifications, subsequent audits, inspections, quality assurance reviews, and management control reviews verify to ensure appropriate use of CBT.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTIONS ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Host Nation Support (HNS): The Inspector General, Department of Defense (IG, DoD) Audit Report on HNS in Southwest Asia, Project Number 4RA-0061, identified United States Central Command's (USCENTCOM's) HNS program as a material weakness. Specifically, USCENTCOM and component commands have not fully identified their wartime HNS logistical requirements, validated quantities of wartime HNS presumed to be available for use by U.S. forces, or established reporting procedures for logistical HNS received by U.S. forces. Accordingly, USCENTCOM has few assurances that HNS will be available when or where needed. The vast deployment distances and the Area of Responsibility's (AOR) current threat/presence imbalance dictate that prior HNS arrangements for the immediate use of U.S. forces is vital.

Functional Category: Force Readiness

Pace of Corrective Action:

Year Identified: FY 1995

Original Targeted Correction Date: FY 1996

Targeted Correction Date in Last Year's Report: Indefinite

Current Target Date: FY 2004

Reason for Change in Date(s): HNS changes with each Operations Plan (OPLAN), exercise and contingency mission. HNS is firmly embedded into the USCENTCOM Theater Engagement Plan.

Component/Appropriation/Account Number: All Components: Cost avoidance in all Operation and Maintenance budget authorities.

Validation Process: As milestones are achieved, an ongoing management control review will be performed to verify the effectiveness of the corrective action. The USCENTCOM Inspector General (IG) will play an active, independent role in the internal review to verify the validity of corrective actions. Joint Staff and the Office of the Secretary of Defense are provided periodic status updates for review of program's legality and sufficiency.

Results Indicators: Production of a component validated list of HNS commodities and services required from the host nation, organized by location and OPLAN phase, and agreed to by the host nation's political and military leadership. Furthermore, the country

specific HNS requirements and procedures will be exercised periodically and tailored continuously.

Source(s) Identifying Weakness: Inspector General, DoD (IG, DoD) Audit Report on HNS in Southwest Asia (SWA), Report Number 96-045, December 14, 1995. IG, DoD provided notification that case was closed for follow up purposes in their Automated Report Tracking System on September 9, 1997.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Assemble threat assessment and 14, 45, and 90 day combat unit bed down and associated HNS requirements.
C	Brief American Embassy Country Teams on access, bed down, diplomatic clearance, and HNS requirements.
C	Validate component HNS requirements.
C	USCENTCOM General Officer present to the senior political/military leadership in each nation executive briefing highlighting the need for detailed HNS Mil-to-Mil planning to preclude deployment delays and to assure sustainment of U.S. forces.
C	Begin inserting HNS into USCENTCOM exercise scenarios.
C	Verification of corrective actions by the USCENTCOM IG as a Special Interest Item during the annual command MC inspection.
C	Publish revised CCR 700-2, Logistics Host Nation Support.
C	HNS requirements determined for Bahrain, Oman, Qatar, Saudi Arabia, United Arab Emirates (UAE), and Egypt.
C	HNS requirements presented to Bahrain Defense Force. Implementing Arrangement (IA) to the Defense Cooperation Agreement (DCA) drafted for support. Amendment and IA to the Acquisition and Cross Servicing Agreement (ACSA) for mutual logistical support proposed.
C	HNS requirements determined for Kuwait. Initial presentation to Kuwait Executive Council completed May 1999.

- C HNS requirements presented to Oman Armed Forces. No Implementing Arrangement (IA) to the Access Agreement proposed pending negotiation of Access Agreement. Acquisition and Cross Servicing Agreement for mutual logistical support proposed.
- C HNS requirements presented to Qatar General Headquarters. Implementing Arrangement to the DCA drafted for support. ACSA for mutual logistical support proposed.
- C HNS requirements presented to UAE Armed Forces. ACSA for mutual logistical support proposed.
- C HNS requirements presented to Egyptian Armed Forces. ACSA for mutual logistical support proposed.
- C Jordan ACSA was reviewed for complete access to mutual logistical support. Proposed amendment to the ACSA.

Planned Milestones (FY 2000):

Date:	Milestone:
3/00	Negotiate with Bahrain Defense Force HNS Logistics IA to the DCA. Negotiate Amendment and IA to the ACSA.
2/00	Obtain Kuwait Armed Forces (KAF) Logistics (J4) response to the limits of available HNS logistical support. Propose procedural arrangement to obtain logistical support.
4/00	Obtain Oman response to the limits of available HNS logistical support. Propose procedural arrangement to obtain logistical support. Begin ACSA negotiations for mutual logistical support.
1/00	Begin formal negotiations with Qatar General Headquarters J4 on Implementing Arrangement to both the DCA and ACSA.
6/00	Obtain UAE Armed Forces J4 feedback to request for available resources and limitations to support bed down logistical requirements. Propose procedural arrangement to obtain logistical support. Conclude ACSA negotiations.
5/00	Propose to Egyptian Armed Forces procedural arrangement to obtain logistical support. Conclude ACSA negotiations.

7/00	Conclude Jordan ACSA amendment for mutual logistical support.
9/00	Request for country eligibility and designation to obtain ACSAs with Horn of Africa countries and South & Central Asia countries.

Planned Milestones (Beyond FY 2000):

Date:	Milestone:
5/01	Begin ACSAs negotiations with Horn of Africa countries and South and Central Asia countries.
9/04	Completion date dependent on availability of senior U.S. and host nation political/military leadership.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTIONS ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Military Health System Data Quality Management Controls. The Military Health System (MHS) cost and workload reporting systems provide data that are used throughout the military health care system by facility, service and headquarters managers to make policy decisions, evaluate program effectiveness, and establish billing rates. An integral part of performance measurement is data quality. Poor quality data can bias performance measurements and can mislead important health care decision making. To be useful, measurements must be based on data that accurately captures information about the patient, provider and the type and cost of care delivered. The Inspector General, Department of Defense (IG, DoD) audit report, "Data Supporting the FY 1998 Military Retirement Health Benefit Liability Estimate," April 1999, states, "We identified material management control weaknesses, as defined by DoD Directive 5010.38. The Office of the Assistant Secretary of Defense (Health Affairs) (ASD(HA)) did not develop and implement management controls to ensure the reliability of Composite Health Care System (CHCS) outpatient workload data."

Functional Category: Information Technology

Pace of Corrective Action:

Year Identified: FY 1999

Original Targeted Correction Date: FY 2000

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: FY 2000

Reason for Change in Date: N/A

Component/Appropriation/Account Number: TRICARE Management Activity (TMA)

Validation Process: Correction of the problem will require a major and sustained effort to:

- Continuously measure and monitor data quality at all levels in the MHS.
- Enforce existing policies and regulations related to data capture, documentation, and reporting.

- Ensure MHS Information Management/Information Technology (IM/IT) Program consistency with the Joint Commission on Accreditation of Healthcare Organizations standards
- Identify, develop, resource and deploy MHS data quality management control program (MCP) to improve data accuracy, timeliness and completeness

The ASD (HA), TRICARE Management Activity (TMA) Executive Director, Service Surgeons General, Military Treatment Facility (MTF) Commanders, and Information System program directors all play critical roles in improving data quality. Data quality is a critical and important issue, and additional investment and attention in this area will be required. The mission of the MHS IM/IT is to provide the *right* information to the *right* people at the *right* time to improve and maintain health status across the entire continuum of health care operations. Implementing data quality management controls will be essential to support this mission.

Results Indicators: Performance measures will be developed to monitor on a routine basis, indications such as timeliness of data submission, completeness of data, comparability of data in different systems and accuracy of data. Performance metrics are being developed and will be incorporated in the monitoring and validation of the corrective actions to improve MHS data quality.

Source(s) Identifying Weakness: IG, DoD audit report, "Data Supporting the FY98 Military Retirement Health Benefit Liability Estimate," Project Number 8FA-2016, April 7, 1999.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Establish MHS Data Quality Integrated Program Team (IPT) to develop initiatives to improve data from various MHS Automated Information Systems (AIS).
C	Establish MHS Workload Standardization Workgroup to develop standard workload measurement collection and reporting requirements.
C	Establish Medical Expense and Performance Reporting System (MEPRS) Management Improvement Group to standardize business rules, establish reconciliation processes and management controls.

C	Establish Appointment Standardization Workgroup to develop and implement standard appointment types to be used for all DoD MTFs.
C	Issued a Data Quality Policy establishing the responsibility for the Defense Health Program (DHP) Resource Management Steering Committee (RMSC) to coordinate and oversee development of Management Control Program activities.
C	Establish Management Control Working IPT to develop standard management control program for MHS AIS (CHCS, Ambulatory Data System (ADS), MEPRS).
C	Developed web based sites to monitor and report on timeliness and completeness of Ambulatory Data Collection System.
	Planned Milestones (FY 2000):
Date	Milestone:
03/00	Begin implementation of workload standardization concepts and procedures to capture and report workload information throughout various AIS in a consistent and standardized manner.
03/00	Issue policy memo from ASD(HA) to enforce current policies and regulations for custodianship of outpatient medical records.
03/00	Develop standard management control program for CHCS, MEPRS and ADS.
03/00	Publish the MHS Management Control Program directive. The directive will comply with the requirements of Office of Management and Budget Circular A-123, DoD Directive 5010.38, and DoD Instruction 5010.40.
03/00	Implement management control program at all MTFs.
09/00	Validate that the management control program is fully implemented and includes adequate standardization, training, and documentation.
09/00	Begin implementation of standard appointment types.
Ongoing	Monitoring and reporting of management controls metrics. Follow up action to correct deficiencies. Revision and enhancements of developed control procedures.

Planned Milestones (Beyond FY 2000):

Date:	Milestone:
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	None.
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DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTIONS ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Combating Computer Software Piracy. The Defense Threat Reduction Agency (DTRA) was created in October 1998 by merging the On Site Inspection Agency (OSIA), the Defense Special Weapons Agency (DSWA) and the Defense Technical Security Administration (DTSA). DTRA is not currently able to account for all of the software in use throughout the Agency. While DSWA maintained records of all software purchased and was able to identify the individual and/or office that requested software, they lost track of it once it was picked up by the help desk for installation, since the DSWA help desk did not keep records of where software was installed. DTRA has been unable to locate records of the software purchased by the OSIA and DTSA.

Functional Category: Information Technology

Pace of Corrective Action:

Year Identified: FY 1999

Original Targeted Correction Date: FY 2000

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: FY 2000

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: DTRA/Operation and Maintenance

Validation Process: Implement software tracking procedures recommended by the Software Publishers Association (SPA). DTRA processes will include an auditing service in verification of the corrective actions.

Results Indicators: Software tracking performance measures are being designed in accordance with guidance developed by the SPA. Measures include the dissemination of awareness notices to Agency personnel, the use of auditing software to identify all software installed on each workstation and file server, and the destruction of all illegal software or the "repurchase" of all software necessary for the Agency to operate legally.

Source(s) Identifying Weakness: The weakness was identified by the DTRA Certified Software Manager (CSM).

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
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None.

Planned Milestones (FY 2000):

Date:	Milestone:
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3/00	Issue software piracy awareness notices to Agency personnel.
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9/00	Complete audit of all Agency workstations and servers.
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9/00	Repurchase software necessary for DTRA to operate legally.
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Ongoing	Conduct annual audit of all Agency workstations and servers and repurchase the software necessary for DTRA to continue to operate legally. Identify repeat offenders and report to the DTRA Inspector General.
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Planned Milestones (Beyond FY 2000):

Date:	Milestone:
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None.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTIONS ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Defense Communications Systems Management Information Systems (DCS/MIS). Our management information systems that support decision making in the acquisition and management of the DCS (now a component of the Defense Information System Network (DISN)) were fragmented, contained duplicate data in multiple locations and had been proven to be outright wrong in Inspector General, Department of Defense (IG, DoD) audit analyses. These systems constitute the controls for managing a significant portion of the Defense Information Systems Agency (DISA) mission. DISA lacked the mechanisms for performing periodic review and revalidation of circuits and also lacked the mechanisms to adequately control communications network resources.

Functional Category: Information Technology

Pace of Corrective Action:

Year Identified: 1990

Original Targeted Correction Date: 1996

Targeted Correction Date in Last Year's Report: 1999

Current Target Date: 2000

Reason For Change in Date(s): The verification of completion disclosed that this material weakness was only partially corrected. Therefore, in FY 1994, the effort was refocused to replace both the aging World Wide On Line System (WWOLS) and multiple DISA telecommunications network provisioning and configuration management systems. The former effort is designated as the WWOLS Replacement (WWOLS-R); the latter as the Defense Information System Network - Integrated configuration control system (DISN-I). WWOLS-R was implemented in January 1997. Installation of these new systems enhanced our ability to track circuit data. The FY 1996 plan called for DISA to continue to improve this area by consolidating the WWOLS-R and the DISN-I databases and expanding the resulting database, designated the Integrated DISN Data Base (IDDB). When that development fell behind schedule and it was clear that the IDDB would not be available for the DISN transition, a decision was made to search for a commercial off the shelf (COTS) product to satisfy and/or support the majority of DISA's requirements in areas such as provisioning, configuration management, performance assessment, modeling and simulation, network management, requirements validation, status reporting, and engineering. As a result of a full and open competition among commercial vendors, MONIES from Stonehouse Technologies was selected. MONIES and applications that would be migrated to it were to effectively replace the original, planned

Telecommunications Management System (TMS). This solution offered opportunities to improve DISA's business practices across the spectrum of circuit acquisition functions. The milestones for correction of the second part of this material weakness were updated, including target dates for MONIES. However, it has become apparent that a single, COTS product (MONIES) could not be customized to meet the needs of consolidating all the various legacy systems and perform all the functions that DISA required. However, recent developments in web based applications and relational databases have created opportunities for major improvements in our processes. Development of a worldwide web centric electronic mall/order entry, to include telecommunication request, on line customer financial validation, service ordering process and status tracking will enhance customer service and information flow. Implementation of the Provisioning Information Management System (PIMS) will consolidate all the legacy systems and provide for a relational database which will support the provisioning of end to end functions. This initiative projects turning off WWOLS-R, DISN-I and other legacy systems by July 31, 2000. Also of note is the work associated with transitioning about 20,000 of our circuits to the DISN. As part of this process, DISA had to validate the information on these and other circuits in order to complete the new network. A by product of this effect was a more accurate database. Although the target date has been extended, DISA's actions over this period have had a positive impact on improving our management controls. DISA is completing its efforts to have an up to date and reliable circuit inventory. This effort will eliminate all aspects of this material weakness. The evolved solution will enable the consolidation of several stove piped systems and ultimately prove most beneficial to the management and acquisition of DISA telecommunication products and services.

Component/Appropriation/Account Number: Operations and Maintenance, Defense Agencies, 970100 and Defense Working Capital Fund (DWCF) (formerly Defense Business Operating Fund), 97X4930.

Validation Process: The correction of the material weakness will include testing by individual users and oversight by the DISA Management Control (MC) program office and the DISA IG. The IG, DoD could assist DISA in performing elements of the testing as an integral part of their audits.

Results Indicators: The DCS (now a component of DISN) represents DoD's common user long haul communications trunks, circuits, and equipment. These trunks, circuits, and equipment cost the Department approximately \$600 million annually. The system is complex and involves both leased and purchased assets. Even small actions often represent significant expenditures. An example of this occurred when an American Telegraph and Telephone (AT&T) proposal on a minuscule segment of the DCS resulted in potential savings of approximately \$300,000 per month. DISA uses established processes, procedures, information systems, and databases to make use of these assets. Decisions concerning procurement of new assets, use of alternative communications services to support users, long and short range planning, and evaluation of proposals are also dependent upon these processes and information systems. Without adequate data or

proper procedures, the decision making process is subject to unfounded suppositions, erroneous assumptions, and delays.

Source(s) Identifying Weakness: Telecommunications Management in DCA (alternative MC review).

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Conducted a 100 percent physical inventory of the DISA's telecommunications assets for inclusion in the Defense Information System Database (DISD) by September 30, 1992.
C	Developed inventory procedures to keep the asset inventory perpetually up to date by September 30, 1992.
C	Reconciled the WWOLS and DITCO databases.
C	Began periodic review and revalidation of Service and Agency telecommunication services and requirements.
Deleted*	Include the capital assets inventory in the DISD.
C	DISN-I Installed.
C	WWOLS Replacement Installed.

*Milestone not required to correct material weakness. Information resides in a database for capital asset management and depreciation.

Planned Milestones (Fiscal Year 2000):

Date:	Milestone:
3/00	Implement worldwide web centric electronic mall/order entry to support DISN Transition.
9/00	Replace legacy systems with PIMS architecturally integrated solution.
9/00	Objectives of PIMS integrated solution have been accomplished.
9/00	Verify that material weakness has been corrected.

Planned Milestones (Beyond FY 2000):

Date:	Milestone:
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	None.
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DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTIONS ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Individual Augmentation (IA) for Contingency Operations (CONOPS) and Exercise Deployments Outside the United States. Existing management controls are inadequate to ensure requirements for individual augmentation are validated and promptly filled. Currently there is no consistent method of tracking total individual augmentee validated and deployed in support of exercise and CONOPS. The validation process appears to be the weak link in the process, because Commanders in Chief (CINCs) are allowed to project unconstrained requirements in the midst of declining personnel resources. There are fewer soldiers to fill the CINCs' requirements and many of those are in critical Military Occupational Specialties. This results in a major inability to fill the requirements. A proper validation system will allow the Deputy Chief of Staff for Operations and Plans (DCSOPS) to properly prioritize assets for staffing the CINCs' needs.

Functional Category: Personnel and/or Organizational Management

Pace of Corrective Action:

Year Identified: FY 1999

Original Targeted Correction Date: FY 2002

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: FY 2002

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Army/Operations and Maintenance, Army

Validation Process: The US Army Audit Agency (USAAA) will validate the effectiveness of corrective actions.

Results Indicators: Personnel with the appropriate skills are deployed in sufficient time to include one week overlap with the soldier currently filling the position. Soldiers and their Commanders in the field will more readily support the IA program.

Source(s) Identifying Weakness: Management control evaluations; numerous complaints from Major Subordinate Command commanders concerning the filling of requirements without sufficient resources.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Establishment of Individual Augmentation Branch in the Office of the Deputy Chief of Staff Operations and Plans (ODCSOPS).
C	Jointly explore the development of the Worldwide Individual Augmentation System (WIAS) with ODCSOPS, and a civilian contractor.
C	WIAS funded by DCSOPS.

Planned Milestones (FY 2000):

Date:	Milestone:
03/00	Headquarters, Department of the Army (HQDA) Pamphlet (Pam) on Individual Augmentation provide for coordination.
03/00	Establish policy and procedures for branch while conducting current operations.
03/00	Conduct first worldwide IA laydown workshop or video teleconference.
09/00	Initial fielding of WIAS and HQDA Pam.
09/00	Hire civilian action officer to provide continuity for Individual Augmentation Management Branch.

Planned Milestones (Beyond FY 2000):

Date	Milestone:
09/01	Full Implement of WIAS.
09/02	USAAA conduct validation of corrective actions.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTIONS ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Customer Service Call Center Call Backlog. Statistical reporting information for the Customer Service Call Center reveals as many as 75 percent of its 25,000 calls per month to its 1-800 number are not fielded by a contact representative. Reasons for this failure stem from under resourcing for the volume of customers utilizing this avenue for service and lack of standard call center information technology necessary for efficient operations. The net effect is that a large volume of customers receive no service. Total volume of calls attempted and those handled is recorded by the supporting software application but insufficient information is available to determine the volume of true customers not receiving service as the system records redials as multiple customers. This function was established in the 1997 Concept Plan for Reorganization of Army Reserve Personnel Center (ARPERCEN) into the Army Reserve Personnel Command (AR-PERSCOM). Specifically the Call Center was established: to use "the capability of the automated phone system and a 1-800 number philosophy, calls will be directed to customer service representatives (action officers) who will be empowered to take specific actions. This approach mirrors industry standards in the customer service arena." The advantages specified include "a 1-800 number philosophy that supports empowerment, customer support and increased efficiency."

Functional Category: Personnel and/or Organizational Management

Pace of Corrective Action:

Year Identified: FY 1999

Original Targeted Correction Date: FY 2002

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: FY 2002

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Army/Operations and Maintenance, Army Reserve

Validation Process: US Army Audit Agency (USAAA) will validate the effectiveness of corrective actions.

Results Indicators: Total number of customers serviced will increase dramatically; level of service provided will exceed customer expectations; and customers will not have to

find sources of information other than the Call Center. The goal is to service 100 percent of all inquiries, 30 percent through personal service and 70 percent through self service options.

Source(s) Identifying Weakness: The Customer Contact Office (CCO), formerly under the Deputy Chief of Staff, Personnel, Administration, and Logistics (DCSPAL). Memorandum, April 19, 1999, subject: The Army Reserve Personnel Command (AR-PERSCOM).

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Telephone Management Configuration Control Board (CCB) formed by CCO to identify business process and information technology solutions to telephone problems.
C	Intecom representatives visit AR-PERSCOM to identify software requirements for reporting purposes.
C	Intecom Call Wise contractor visits AR-PERSCOM to fix software used for reporting.
C	Submit funding requirements through the AR-PERSCOM Budget Officer to the Office of the Chief, Army Reserve (OCAR) for FY 1999 – FY 2002 to purchase hardware/software, contracting support, consulting services and manpower support.
C	Obtained \$441,000 from OCAR for customer contact information technology (IT) projects including \$351,000 for Call Center IT alone.

Planned Milestones (Fiscal Year 2000):

Date:	Milestone:
03/00	Identify to manning Program Evaluation Group resources to support computer telephony integration (CTI)/integrated voice response (IVR).
03/00	Ensure there are sufficient resources to accomplish the milestones for FY 2000.

03/00	Identify AR-PERSCOM CCO Voice Capabilities including tasks to be completed.
03/00	Initial recommendations by Telephone Management CCB regarding business process and IT requirements to support telephone management.
03/00	Prepare written plan documenting business processes and voice capabilities, alternatives, costs, productivity enhancing technology, and prioritized phased approach for implementation.
03/00	Fix existing problems associated with providing command wide accurate telephone statistical data to improve workflow management.
03/00	Hire Call Center trainer to develop training plan.
03/00	Augment Call Center staffing plus hardware/software for increased staff to field incoming calls and walk ins.
03/00	Train new Call Center staff.
03/00	Implement IVR hardware, software, and consulting services to minimize human intervention and maximize service.
03/00	Implement CTI hardware, software, and consulting services to support prioritization and intelligent routing of calls.
06/00	Include in the Program Objective Memorandum (POM) the requirement to export knowledge management technologies of custom integration of client/server, CTI/IVR to soldier management directorates within AR-PERSCOM.
06/00	Integrate CTI/IVR capabilities with existing systems to maximize systems solutions and Return on Investment (ROI) by improving responsiveness of the Call Center agent.
06/00	New system development integrating CTI/IVR for improved processes by allowing customers/soldiers to have "self service" capabilities (e.g., obtain documents, information, etc.).

Planned Milestones (Beyond Fiscal Year 2000):

Date:	Milestone:
03/01	Ensure there are sufficient resources to accomplish the milestones for FY 2001.
03/01	Extend Call Center integration with Internet system development for further return on investment in self service customer support.
03/02	Ensure there are sufficient resources to accomplish the milestones for FY 2002.
09/02	Further Business Process Reengineering (BPR) and custom integration of client/server, CTI/IVR, knowledge management technologies in soldier management directorates across AR-PERSCOM.
09/02	USAAA conducts final validation of corrective actions.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTIONS ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Workers' Compensation. The Defense Commissary Agency's (DeCA's) Workers' Compensation costs have risen over the last 8 year period. A recent audit report has identified case management and erroneous chargeback billing as areas that have not received sufficient attention. The report also identified a lack of program policy and billing review procedures.

Functional Category: Personnel and/or Organizational Management.

Pace of Corrective Action:

Year Identified: FY 1999

Original Targeted Correction Date: FY 2001

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: FY 2001

Reason for Change in Date: N/A

Component/Appropriation/Account Number: Defense Commissary Agency/Commissary Operations/97X4930

Validation Process: Verification/Certification by Internal Review.

Results Indicators: Reduction of Workers' Compensation Costs (\$500,000 per year for next two years), Reduction of Workers' Compensation Case Load (5 percent less than preceding year), and Published Policy and Guidance.

Source(s) Identifying Weakness: DeCA Internal Review, DeCA Directorate Human Resources, and DeCA Comptroller.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
	None.

Planned Milestones (FY 2000):

Date:	Milestone:
03/00	Issue Employee Handbook.
03/00	Issue Workers' Compensation Directive.
09/00	Regional Reporting of Accomplishments.
09/00	Development of Workers' Compensation Performance Standards and Inclusion in Supervisory Performance Plans.

Planned Milestones (Beyond FY 2000):

Date:	Milestone:
03/01	In Progress Review Report from regions.
09/01	Validation of case cost and case load reduction.
09/01	Verification and Validation/close material weakness.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTIONS ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Defense Civilian Pay System (DCPS) Input Fraud. This weakness occurred at the Military Traffic Management Command (MTMC) US Garrison, Oakland Army Base (OARB), Oakland, California. OARB was part of Base Realignment and Closure (BRAC) 95 and closed September 30, 1999. An employee, designated as the Super Timekeeper, input Time and Attendance to DCPS for payroll purposes for a given organizational element. There was no direct oversight of the actual data input. The Super Timekeeper input data without regard to the time card data input feeder sheets. While the DCPS system has multileveled password protections to insure only the bonafide Super Timekeeper can access the given organization's input screens, there is nothing to preclude a dishonest Super Timekeeper from entering false information. In this case, the Super Timekeeper entered overtime or compensatory time hours in excess of those actually worked or failed to enter annual or sick leave taken--regardless of the data on the time card sheet. There are ceilings on the total amounts that may be entered for a day, week, month, but these did not prevent fraudulent entries for amounts below that ceiling.

A weakness also existed with the DCPS generated management reports. DCPS management reports were forwarded through distribution in an envelope addressed to the designated management official for the given organizational element, e.g., the Commander. The annual/sick leave and overtime/compensatory time activity and balance reports are exception driven. They are generated and provided to management officials and supervisors only if there is activity or open balances. So, if and when overtime/compensatory time activity is unanticipated, management would have no way of knowing if the Super Timekeeper making the fraudulent entries intercepted the report package from distribution and removed the reports for the individual employees for whom these entries were made. This appears to have occurred in this case.

As OARB was downsizing due to BRAC 95, the supervisor of some of the employees involved in this case did not have a designated timekeeper. As a check and balance, the procedure calls for an individual other than the Super Timekeeper to serve as timekeeper. The timekeeper normally prepares the time card feeder sheet input which the supervisor then signs to authenticate. While this procedure was not followed across the board, it would not have prevented the fraudulent input. The dishonest Super Timekeeper could and did make fraudulent entries regardless of the existence of properly prepared and submitted time card feeder sheets. Existence of such sheets would have made determination of the fraudulent amounts an easier process when the fraud was discovered, but would not have precluded the fraud.

Functional Category: Personnel and/or Organizational Management

Pace of Corrective Action:

Year Identified: FY 1999

Original Targeted Correction Date: N/A

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: FY 2000

Reason for Change in Date(s): N/A

Component/Appropriation /Account Number: Army/OMA and Transportation Working Capital Fund/97X4930

Validation Process: DCPS input fraud at Oakland Army Base being investigated by the USA Criminal Investigation Command (CID).

Results Indicators: Potential criminal charges filed.

Sources(s) Identifying Weakness: Several sources surfaced the weakness at the same time. In late April 1999, the Resource Management (RM) staff noticed unusually large amounts of overtime hours in the reports for certain employees. RM asked management to validate these amounts. Subsequent review revealed suspect employees and the potential scope of the fraud. At approximately the same time the dishonest Super Timekeeper transferred to another organization. The alternate Super Timekeeper told her supervisor she was uncomfortable assuming the Super Timekeeper function because the previous individual failed to follow proper procedures. The supervisor surfaced the issue to senior management. This further alerted management to the problem. At the same time, senior management was reviewing leave usage data for the quarter. This review revealed an employee with no leave usage reported in a period while a substantial amount of leave was known to have been used, e.g., a month's emergency leave as a result of a death in the family. Management promptly conducted a brief analysis and conferred with both involved supervisors and RM personnel. This brief analysis quickly revealed the existence of a substantial amount of unearned overtime. Management surfaced the issue to the Staff Judge Advocate (SJA). After consultation, the Garrison Deputy Commander directed the SJA to initiate action with CID for a formal criminal investigation. CID began their investigation in May 1999. CID investigators provided the Deputy Commander an initial summary report confirming the existence and extent of the fraud on September 21, 1999.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Management review of overtime reports revealed the extent of the fraud.
C	Management surfaced the issue to the Staff Judge Advocate. After consultation, the Commander directed SJA to initiate action with CID for a formal criminal investigation.
C	CID began a formal criminal investigation.
C	CID provided the Garrison Commander an initial summary report confirming the existence and extent of the fraud on September 21, 1999. As the Garrison employees under investigation were scheduled to depart OARB via retirement or reduction in force September 21, 1999, CID and the Assistant U.S. Attorney's Office requested OARB management initiate appropriate action against the individuals involved to prevent this. The SJA requested assistance in determining their options regarding delay or termination of payment of Voluntary Separation Incentive Pay (VSIP) and severance pay. Headquarters (HQ), MTMC, SJA, Deputy Chief of Staff Personnel and Logistics (DCSPAL) and Deputy Chief of Staff Resource Management (DCSRM) and the Garrison and Deployment Support Command (DSC) Oakland staff representatives determined that a HQMTMC DCSPAL representative would assist the Garrison in determining the appropriate course of action and to maintain continuity after the September 30 base closure. As the CID report was not releasable to the employees in question, the Deputy Garrison Manager conducted an administrative investigation to determine what disciplinary actions could be taken. Written records of disciplinary investigation were prepared and personally issued by the Deputy Garrison Manager stating the alleged charges.
C	Immediate action was taken to remove the employees from the DoD Priority Placement Program. Four suspects resigned prior to conclusion of the administrative investigation. One employee retired (without receiving VSIP) after receiving written notice of proposal to remove from federal service. Administrative investigation (confirmed by CID) cleared two employees from charges.

Planned Milestones (FY 2000):

Date:	Milestone:
FY00	To be determined upon the final report from CID. Criminal prosecution of the employees involved is likely.

Planned Milestones (Beyond FY 2000):

Date:	Milestone:
	None.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTIONS ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Manpower Requirements Determination System. The Army has not established effective manpower programs for managing and controlling Tables of Distribution and Allowances (TDAs) workload, organizations and manpower staffing, including reductions in force. The current system for manpower requirements determination lacks the ability to link workload, manpower requirements and dollars. Thus, the Army is not capable of rationally predicting future manpower requirements based on workload. As a result, managers at all levels do not have the information needed to improve work performance, improve organizational efficiency, and determine and support staffing needs, manpower budgets, and personnel reductions.

Functional Category: Personnel and/or Organizational Management.

Pace of Corrective Action:

Year Identified: FY 1997

Original Targeted Correction Date: FY 2000

Targeted Correction Date in Last Year's Report: FY 2002

Current Target Date: FY 2002

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Army/All Appropriations that contain dollars for the pay of personnel.

Validation Process: Office of the Assistant Secretary of the Army (Manpower and Reserve Affairs) (OASA(M&RA)) and United States Army Audit Agency (USAAA) will validate corrective actions.

Results Indicators: Staffing levels of Army organizations will be workload based. Manpower requests contained in Army budget submissions and the dollars required to support the requested level of manpower will be logically developed from specific workload requirements which directly derive from missions directed or approved by higher headquarters and validated by a Headquarters, Department of the Army (HQDA) approved manpower requirements determination process.

Sources Identifying Weakness: USAAA Report HQ 92-T2, "Management of Army Workload of Tables of Distribution and Allowances Organizations," January 21, 1992; USAAA Report SR 94-702, "Civilian Workforce Reductions - US Army Materiel Command," February 15, 1994; USAAA Report HQ 94-751, "Managing Workload, Organizations and Staffing," June 24, 1994; USAAA Report AA 96-768, "Workload Based Manpower Requirements Program - US Army Materiel Command," August 30, 1996; USAAA Report AA 97-113, "Workload Based Manpower Requirements Program - US Army Forces Command," February 7, 1997; General Accounting Office/National Security and International Affairs Division (GAO/NSIAD) Report 97-66, "Force Structure - Army Support Forces Can Meet Two Conflict Strategy With Some Risks," February 28, 1997; USAAA Report AA 97-202, "Workload Based Manpower Requirements Program - US Army Training and Doctrine Command," May 30, 1997.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	OASA(M&RA) contracted for a study to perform a nationwide search for determining best practices in the area of human resource management. This effort resulted in the identification of a workload planning system that had potential application to Army industrial type work environments. Based on the information obtained, a prototype system is being developed to be used as an Army management tool to measure performance, forecast workloads and forecast workforce requirements. It is referred to as the Army Workload and Performance System (AWPS).
C	Completed development and implemented a prototype of a revised manpower survey methodology, referred to as the 12 Step Methodology, used to determine manpower requirements. This methodology has become the doctrinal basis for manpower requirements determination policy.
C	Establishment of a command wide manpower baseline begun in US Army Materiel Command.
C	Military essentiality coding of military positions within TDAs was initiated.
C	Army Workload and Planning System (AWPS) field testing initiated at Corpus Christi Army Depot.

- C A contract study effort was initiated to examine the feasibility of linking the impacts of Institutional Army (TDAs) workforce changes to military unit Modified Tables of Organization and Equipment (MTOE) readiness.
- C Coding of military essentiality of military positions within TDAs completed. This process enhanced the understanding of and the defense of military requirements in Institutional Army organizations.
- C Initiated prototype testing of the Civilian Manpower Integrated Costing System (CMICS) during the development of the Mini Program Objective Memorandum (POM). This system provides an automated tool with which manpower, program, and budget managers can immediately assess the impact of funding changes on the manpower program or the impact of shifting funding to other resources of the civilian manpower plan.
- C Initiated an in house study to assess the feasibility of being able to identify and document the shadow work force.
- C Completed a three day conference of senior manpower analysts representing a broad cross section of the Army. The primary focus of the conference was on manpower requirements determination processes. The concept for a doctrinal framework for manpower requirements determination in the Institutional Army was agreed upon.
- C Initiated a contract study to conduct an assessment of the essentiality of military manpower in the Institutional Army (TDA) which will help to define and clarify the requirement for military manning in the Institutional Army.
- C OASA(M&RA) provided representatives to participate in Department of Defense (DoD) work group to clarify policy criteria used to determine the noncontractible or contractible nature of positions within DoD organizations.
- C Command wide manpower baseline for US Army Materiel Command completed using the 12 Step Method as the basic methodology. This baseline will serve as a reference point for future manpower changes (plus or minus) affecting the command.
- C Contracted study to assess of the coding of military essentiality of military manpower in TDA organizations completed. Study determined linkages between Army core processes, universal joint

task lists and military essential codes. It also provided recommendations for improving the accuracy of coding which will help to define and clarify the requirement for military manning in the Institutional Army.

- C Initiated Army wide staffing of UPDATE version of Army Regulation (AR) 570-4 (Manpower Management). This draft contains revised manpower requirements determination policy.
- C Completed revision of Workload and Manpower Determination Analyst's Handbook.
- C Initiated coding of commercial activities (CA) functions and the contractibility of positions within TDAs.
- C Completed procedures to be used for certifying manpower requirements determination processes and administered the quality assurance program.
- C Used contract manpower equivalents (CMEs) data to validate/audit CA inventory data.
- C Used available requirements determination products to review manpower issues and provided recommendations for the FY 2000-2005 Program Objective Memorandum (POM) development.
- C Provided for full use of CMICS during the FY 2000-2005 POM development for all users.
- C Initiated formal certification/approval action of requirements determination processes conducted by manpower requirements determination authorities.
- C Began HQDA certification of procedures used by manpower requirements determination authorities.
- C Major Army commands (MACOMs) and independent reporting activities (IRAs) increased use of workload based requirements determination in management decisions, such as workload forecasting, realignment initiatives, and budget development and execution.

- C Completed installation of AWPS and training of personnel on AWPS at Corpus Christi, Red River, Tobyhanna, Anniston, and Letterkenny Army Depots for direct labor maintenance mission only.
- C Began quality assurance of manpower studies conducted under Headquarters, Department of Army (HQDA) approved processes.
- C Manpower Requirements Determination Authorities submitted annual survey schedule to HQDA.
- C UPDATE of AR 570-4 forwarded to US Army Printing and Publication Command (USAPPC) for administrative review, editing, and necessary legal coordination.
- C Established, through the use of web technology, a repository of approved manpower staffing standards and guides.
- C Completed initial coding of CA functions and the contractibility of positions within TDAs.
- C Developed Army level capability for allocating manpower (military and civilian) that considers the level of support provided by the contractor workforce.
- C Initiated the development of workload based allocation rules for the integration of military, civilian, and contractor manpower requirements for the infrastructure (TDA) into the Total Army Analysis (TAA) model.
- C Developed functional data requirements for implementation of CMICS at MACOMs.
- C HQDA Depot Maintenance Corporate Board established.
- C Develop MMICS prototype. (Determined not to be required as decision made to use CMICS at MACOM level through web application.)
- C CMICS fully implemented at HQDA, creating a distributed, integrated database linking civilian manpower and dollars.
- C Contractor manpower equivalents documented in a copy of The Army Authorization and Documents System (TAADS).

- C Congress notified that AWPS is fully operational for the maintenance mission.
- C Congress notified that AWPS is fully operational for the maintenance mission.
- C Extend AWPS to arsenals and ammunition depots of the US Army Materiel Command. (Deleted from plan so available resources can be devoted to maintenance mission. Extension will occur as an enhancement to AWPS at a later date.)

Planned Milestones (FY 2000):

Date:	Milestone:
03/00	AR 570-4 UPDATE approved for publication.
03/00	Develop a plan to fully use requirements determination product in the manpower allocation process.
03/00	Update policy on what constitutes a manpower requirement, accounting for reimbursable manpower, loaned troops and contractors.
03/00	Simplify and standardize accounting of core sub process functions and activity based codes in TAADS or a copy of TAADS for all Army infrastructure (MTOE, TDA, CME, etc.).
03/00	Establish accounting of core sub process functions in TAADS or a copy of TAADS that will allow a cross walk to, but not be constrained by, the program element and management decision package.
03/00	Establish centralized documentation of the labor mix (military essential, civilian essential, or contractor) in TAADS or a copy of TAADS.
03/00	Provide MACOMs with the ability to view their command's manpower and costing position in CMICS via web technology.
03/00	Complete HQDA endorsement of procedures used by MACOMs in developing manpower requirements.
09/00	Develop decision tools for HQDA Depot Maintenance Corporate Board.

Planned Milestones (Beyond FY 2000):

Date:	Milestone:
03/01	Recommend/establish a system that will track/account for all resources labor in the documentation systems, such as reimbursable requirements, contract manpower, troop diversions, and borrowed military manpower.
03/01	Document inter- and intraservice support in TAADS.
03/01	Full integration of workload based military, civilian, and contractor manpower requirements into TAA model has occurred.
03/01	MACOMs and IRAs management decisions, such as workload forecasting, realignment initiatives, and budget development and execution, are fully based on use of workload based requirements determination processes.
03/01	Develop/apply allocation rules for TAA including military authorizations versus civilian authorizations versus contractors.
09/01	Fully implement CMICS between HQDA and the MACOMs, creating a distributed, integrated database linking civilian manpower and dollars.
09/01	Identify MACOM management decisions supported by workload based manpower requirements determination processes.
09/01	MACOMs and IRAs management decisions, such as workload forecasting, realignment initiatives, and budget development and execution, are fully based on use of workload based requirements determination processes.
03/02	Complete certification of manpower studies conducted under HQDA approved processes.
03/02	Finalize performance measures for use in TAA.
03/02	OASA(M&RA) and USAAA jointly validate corrective actions.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTION ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Air National Guard (ANG) Training (formerly known as Aircraft Maintenance Training Within the Air National Guard). Controls did not ensure that Air National Guard members were properly trained nor that training was properly documented. The documentation of training did not support certification of required training for ANG members' current status of qualification and skill level in the duty position in which the member is assigned.

Functional Category: Personnel and/or Organizational Management

Pace of Corrective Action:

Year Identified: FY 1997

Original Targeted Correction Date: FY 1998

Targeted Correction Date in Last Year's Report: FY 1999

Current Target Date: FY 2000

Reason for Change in Date(s): Review by United States Property and Fiscal Officers (USPFO) found that continuing inconsistencies regarding completion of training and proper documentation existed. A need for a comprehensive, concise audit program was apparent. The review was briefly halted while an audit program was developed to ensure ANG management would be provided with desired objectives.

Component/Appropriation/Account Number: Air Force, ANG Operation and Maintenance, 57*3840 and ANG Military Personnel, 57*3850

Validation Process: The USPFO reports; documenting the effectiveness of corrective action as determined by audit review of training and certification records, will be reviewed by a team of experts, consisting of base education and training managers and headquarters ANG functional managers. The results will be disseminated ANG wide.

Results Indicators: Implementation of additional controls will better ensure proper training and accurate and timely certification of members' duty training requirements.

Source(s) Identifying Weakness: Air Force Audit Agency Reports of Audit: Aircraft Maintenance Training within the Air National Guard, Project 96062024, September 19, 1996, and ANG Medical Training Program, Project 97051025, August 13, 1997, and Various internal reviews.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	ANG Manual 36-2201, Maintenance Training Policy was created. It outlines specific duties of the Unit Maintenance Training Manager. One chapter deals with formal training. It advertises formal training as being advantageous to maintenance personnel in that it delivers standardized training by professional instructors and reduces the on job training time at home station.
C	ANG Instruction 21-010, Aircraft Maintenance now includes a statement referring to a new ANG Manual 36-2201, Maintenance Training Policy.
C	A second position was created and filled in the ANG Reserve Center Logistics Training Management section.
C	An ANG Special Interest Item (SII) 97-001 was issued for active duty Inspector Generals regarding the 100 percent internal audit.
C	ANG has initiated procedures to centrally fund Field Training Detachment (FTD) classes provided they fall within certain criteria. Anyone attending a FTD for an egress course or in lieu of a technical school will be funded. The latter includes waivers of the technical school and accessions falling within criteria set forth in ANG retraining policy.
C	<p>ANG worked with the Air Force Major Commands to redefine the process of obtaining seats in FTD courses. An All Major Command (MAJCOM) meeting was held at Sheppard AFB to streamline the process and provided relief for scheduling difficulties previously encountered by everyone. The following were outcomes of that meeting:</p> <ol style="list-style-type: none">1) The “using” maintenance training managers would no longer schedule seats through the Air Force Training Management System (This is only applicable to units sending their personnel Temporary Duty (TDY) to the FTD site).2) Personnel utilizing FTDs for skill level awards (such as ANG and Air Force Reserve Component) would be raised to a priority 3 (MAJCOM priority courses are a priority 5) instead of the priority 7 that is the normal limitation.

3) Students with a confirmed seat in a class will no longer be bumped by the host unit except for a higher priority situation.

- C ANG Unit training managers performed a 100 percent audit of ANG maintenance personnel training records. This was ordered by ANG/LG. All state headquarters' were required to submit an audit summary identifying that there was no maintenance being performed on equipment for which personnel were not properly trained, and that controls are in place to ensure that training documentation discrepancies are resolved.
- C Developed a Compliance Review Guide for ANG aircraft maintenance training that will be implemented by each ANG unit.
- C Developed a Compliance Review Guide for all on the job training requirements and documentation and require completion by each ANG unit.
- C Reemphasized the importance of training and documentation compliance at the ANG Personnel and Training Conference.
- C Requested all National Guard United States Property and Fiscal Officers to have their Internal Review auditors perform a statistical sampling of on the job training records at all ANG units, and to provide results to ANG headquarters.

Planned Milestones (FY 2000):

Date:	Milestone:
9/00	The USPFO reports; documenting the effectiveness of corrective action as determined by audit review of training and certification records, will be reviewed by a team of experts, consisting of base education and training managers and headquarters ANG functional managers. The results will be disseminated ANG wide.

Planned Milestones (Beyond FY 2000):

Date:	Milestone:
	None.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTIONS ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Lessons Learned Information from Major Training Exercises. Despite lessons learned programs, many of the same mistakes are repeated during subsequent major training exercises and operations. Some of these mistakes could result in serious consequences, including friendly fire incidents and ineffective delivery of bombs and missiles on target. As a result, the Department of the Navy (DON) cannot be assured that significant problems are being addressed or that resources are being devoted to solve the most serious problems already identified.

Functional Category: Personnel and/or Organization Management

Pace of Corrective Action:

Year Identified: FY 1996

Original Targeted Correction Date: FY 1998

Targeted Correction Date in Last Year's Report: FY 1999

Current Target Date: FY 2000

Reason for Change in Date(s): Disestablishment of Navy Doctrine Command (NAVDOCCOM) and lack of full staffing for this effort at the Naval Warfare Development Command delays verification.

Component/Appropriation/Account Number: Military Personnel, Navy (MPN) (171453), Military Personnel, Marine Corps (MPMC) (171105)

Validation Process: All corrective action(s) are certified by the responsible components upon completion and reviewed through on site verification, subsequent audit, inspection, quality assurance review, and management control review.

Results Indicators: Lessons learned information is used to identify and make known recurring problems, and is used to develop and put into practice corrective measures so problems are not repeated.

Source(s) Identifying Weakness: General Accounting Office/National Security and International Affairs Division (GAO/NSIAD) Report Number 95-152, "MILITARY TRAINING: Potential to Use Lessons Learned to Avoid Past Mistakes Is Largely Untapped," August 9, 1995.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Incorporate a validation process into the DON's lessons learned programs.
C	Provide training to key personnel in the use of lessons learned information and the technology for accessing and reviewing that information.
C	Modify DON lessons learned program to capture and retain all significant lessons learned from operations and exercises.
C	Analyze lessons learned information so that trend data can be developed to identify recurring problems, and prioritize these recurring problems so that limited resources can be concentrated on the most pressing areas. Present funding does not support the long term addition of Remedial Action Program analysts at the Fleet Management Sites (FMS). In the interim, emphasis within the FMS on reviewing and categorizing lessons learned databases has reduced the number of active lessons and eased the burden of tracking and analyzing. Other options to provide manpower using Naval reservists are being considered. Status: Revised. After additional resources identified, identify and analyze lessons learned information so that trend data can be developed. Trend analysis requirements and procedures to be provided by DoD. Program would identify recurring problems, and prioritize these recurring problems so that limited resources can be concentrated on the most pressing areas. In the interim, emphasis within the FMS on reviewing and categorizing lessons learned databases has reduced the number of active lessons and eased the burden of tracking and analyzing. The audit report findings and recommendations for this material weakness has been closed for further followup.

Planned Milestones (FY 2000):

Date:	Milestone:
3/00	Verification: Subsequent on site verification, audit, inspection, quality assurance review, and management control reviews verify that an active lesson learned program has reduced incidence of problems recurring.

Planned Milestones (Beyond FY 2000):

Date:	Milestone:
	None.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTIONS ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Navy Enlisted Classification (NEC) Code Training. The control system for NEC training records and assignments is not adequate to prevent or promptly detect all material errors and irregularities in operations. Data transmission errors have occurred, reducing the accuracy of the system; unqualified enlisted personnel were allowed to enroll in and complete NEC producing courses; all NEC codes earned by enlisted personnel through formal school training were not recorded in official personnel records; and valid NEC code transactions were lost each year during automated electronic data transmissions between the training and personnel systems.

Functional Category: Personnel and/or Organization Management

Pace of Corrective Action:

Year Identified: FY 1993

Original Targeted Correction Date: FY 1996

Targeted Correction Date in Last Year's Report: FY 1999

Current Target Date: FY 2000

Reason For Change in Date(s): Issuing new/revised guidance is taking longer than originally expected.

Component/Appropriation/Account Number: Operations and Maintenance, Navy (OMN) (171804), Military Personnel, Navy (MPN) (171453)

Validation Process: All corrective action(s) are certified by the responsible components upon completion and reviewed through on site verification, subsequent audit, inspection, quality assurance review, and management control review.

Results Indicators: The inventory of NEC codes held by enlisted personnel will be accurately stated in official records. As a result, the Navy will train only the number of personnel needed to satisfy requirements, saving a portion of scarce training funds.

Source(s) Identifying Weakness: Naval Audit Service (NAVAUDSVC) Report Number 049-S-93, "Enlisted Classification Code Training," June 30, 1993. NAVAUDSVC Report No. 016-95, "Utilization of Navy Enlisted Classification Code Training," January 6, 1995.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestone:

Date:	Milestone:
C	Establish separation of duties and accountability for NEC removals.
C	Research and, as appropriate, award the 121 identified NECs recorded in Navy Integrated Training Resources Administration System (NITRAS) but not listed in the personnel system.
C	Establish internal controls to ensure accuracy of all NEC data transmitted.
C	Require detailers to use the NEC Manual to determine qualifications for assignments to NEC producing courses.
C	Reemphasize to activities, including detaching commands and training activities, their responsibility for screening service members for proper qualifications before sending them to training.
C	Investigate interface problems between NITRAS and the personnel system, including transmission errors not appearing on reject listings.
C	Establish internal controls (such as detailers' supervisors review of detailer course assignments) so that questionable assignments can be identified, investigated, and corrected.
C	Require enlisted community managers to review and document approval of requests for waiver of qualifications for NEC producing courses prior to detailer assignment.
C	Document reason for and approval of training assignments that deviate from NEC requirements stipulated in requisitions. Require supervisory approval of detailer training assignments that do not meet documented job vacancies.

Planned Milestones (FY 2000):

Date:	Milestone:
3/00	Revise guidance to require Quota Control Authority approval for all assignments to NEC producing courses. Chief of Naval Operations (CNO) will issue new Operations Navy Instruction

(OPNAVINST) 1500.47A early in 2000, which will be the governing authority.

3/00

Verification: Conduct/utilize a management control review or alternative management control review to certify the effectiveness of all corrective actions.

Planned Milestones (Beyond FY 2000):

Date:

Milestone:

None.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTION ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Radio Frequency Spectrum Certification Process. Responsible officers fail to initiate spectrum certification processes and to secure host nation telecommunications agreements in a timely manner. This process failure reduces combat effectiveness of Air Force warfighter resources. As an example, the Kosovo contingency spotlights this management control material weakness. The Joint Surveillance Target Attack Radar System (JSTARS), Enhanced Traffic Alert and Collision Avoidance System (E-TCAS), and other systems, lacking telecommunications agreements, were initially refused entry into the host nation's sovereign electromagnetic domain, or were forced to operate at significantly reduced capability. The theatre Commander-in-Chiefs (CINCs), and, in some cases diplomatic staff, expended extraordinary effort to accomplish emergency coordination so these platforms could operate. This practice alienates the diplomatic corps and creates future spectrum support problems for theater CINCs.

Functional Category: Procurement

Pace of Corrective Action:

Year Identified: FY 1999

Original Targeted Correction Date: FY 2003

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: FY 2003

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Air Force, Other Procurement, 57*3080, Air Force, Operations and Maintenance, 57*3400, Air Force, Research, Development, Test and Evaluation, 57*3600

Validation Process: The Air Force Audit Agency will be asked to review the effectiveness of our corrective actions.

Results Indicators: The key indicator of results will be the initial reduction and eventual elimination of late requests for spectrum certification, foreign disclosure, and host nation supportability.

Source(s) Identifying Weakness: Inspector General, Department of Defense (IG, DoD) Audit Report: Coordination of Electromagnetic Frequency Spectrum and International

Telecommunications Agreements, Report Number 99-009, October 9, 1998, and Air Force IG Eagle Look, Chief Information Officer Function PN 99-505, July 29, 1999.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Contract a four man team of subject matter experts to provide spectrum engineering services to address the failure to secure host nation telecommunication agreements.
C	Include spectrum supportability into the Combat Air Force Requirements Oversight Council review procedures for radio frequency emitter submissions.
C	Chartered Combat Air Forces (CAF) Frequency Panel to address critical spectrum supportability issues for the eight CAF Major Commands.

Planned Milestones (FY 2000):

Date:	Milestone:
9/00	CAF Spectrum Certification Team will field a host nation agreements database, address high priority certification problems or omissions, and generate recommendations for process improvements. They will also support the CAF Frequency Panel's efforts.
9/00	Promote efforts to initiate the reengineering of the spectrum certification process.

Planned Milestones (Beyond FY 2000):

9/01	Develop and deploy to all appropriate organizations education and training packages to inform responsible parties of the cited regulations and guidance.
9/01	Recommend the Secretary of the Air Force issue direction to ensure compliance and implement restrictions on International Merchants Purchase Authorization Card (IMPAC) purchases of radio frequency emitters.

- 9/01 CAF Spectrum Certification Team will develop further software tools as the situation dictates.
- 9/01 Continue to promote efforts to initiate the reengineering of spectrum certification process.
- 9/02 Ensure all Air Force activities have received an initial radio frequency emitter survey, customer interface and education, and a joint visit from the Air Force Frequency Management Agency and the owning Major Command.
- 9/03 The Air Force Audit Agency will be asked to review the effectiveness of all corrective actions.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTION ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Financial Management of Foreign Military Sales (FMS). Internal controls necessary for proper financial management of FMS line execution were inadequate. Weaknesses existed in the areas of recording of payments, proper reimbursement of expenses, and delivery reporting which especially impacted the collection of nonrecurring costs for major defense equipment (MDE).

Functional Category: Security Assistance

Pace of Corrective Action:

Year Identified: FY 1997

Original Targeted Correction Date: FY 1999

Targeted Correction Date in Last Year's Report: FY 1999

Current Target Date: FY 2000

Reason for Change in Date(s): Review of implemented MDE cases to ensure nonrecurring costs had been collected revealed that additional controls required strengthening.

Component/Appropriation/Account Number: FMS Trust Fund, 9711 X8242, and Treasury Miscellaneous Receipt Account, 57*3041

Validation Process: The effectiveness of new procedures will be verified by a self inspection.

Results Indicators: Countries will be appropriately charged for FMS services. Nonrecurring cost collections will be made within 30 days of MDE delivery and deposited to the U.S. Treasury.

Source(s) Identifying Weakness: General Accounting Office (GAO) Report: Foreign Military Sales: Millions of Dollars of Nonrecurring Research and Development Costs Have Not Been Recovered, October 1998, and Management Control Review, June 1997.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Review existing Air Force procedural guidance.
C	Meet with Defense Finance and Accounting Service (DFAS) representatives from Security Assistance Accounting to discuss appropriate procedures and determine training needs.
C	Establish new procedures for case implementation that ensures accounting records are established and obligation authority is available prior to issuing Temporary Duty (TDY) orders.
C	Initiate collections for outstanding nonrecurring cost charges from FMS customers.
C	A contractor will complete a review of all security assistance financial management procedures and identify standard processes that include adequate internal control features.
C	A contractor will develop a financial handbook and identify training needs.
C	Draft revised nonrecurring cost collection procedures. Letters of Offer and Acceptance which include MDE are required to include a statement specifying whether or not nonrecurring costs are included.
C	Complete review of open MDE cases to ensure nonrecurring costs have been collected or properly identified for collection when the MDE is delivered.
C	Establish a nonrecurring cost focal point within the Air Force Security Assistance Center.

Planned Milestones (FY 2000):

Date:	Milestone:
9/00	Complete the development of a Case Reconciliation and Closure course to train the Air Force FMS community on sound financial management practices.

9/00 Update the Security Assistance Management Information System to notify line managers that nonrecurring costs collections required when shipments are recorded.

9/00 Perform self inspections.

Planned Milestones (Beyond FY 2000):

Date:	Milestone:
	None.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTION ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Spare Parts Accountability Controls. Internal controls over Air Force spare parts management were not adequate to ensure necessary assets and visibility to meet mission needs.

Functional Category: Supply Operations

Pace of Corrective Action:

Years Identified: FY 1999

Original Targeted Correction Date: FY 2001

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: FY 2001

Reason for Change in Date: N/A

Component/Appropriation/Account Number: Air Force, Working Capital Fund, 97*4930

Validation Process: Headquarter personnel will review related metric information from the field to ensure that corrective actions were effective.

Results Indicators: Corrective actions will result in more reliable requirements computations, increased repair parts availability, and overall increased supply readiness rates.

Source(s) Identifying Weakness: Air Force Audit Agency (AFAA) Reports of Audit: Standard Repair Cycle Times and Stock Level Days in Support of Lean Logistics, Project Number 97061025, September 30, 1998, and Landing Gear Repair Operations, Project Number 98062003, April 27, 1999; General Accounting Office Reports: Air Force Supply: Management Actions Create Spare Parts Shortages and Operational Problems, Project Number NSIAD-99-77, April 29, 1999, and Defense Inventory, Project Number T-NSIAD-99-83, February 25, 1999.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Air Force Materiel Command (AFMC) Commander directed Ogden Air Logistic Center (ALC) to use the AFMC standard Inventory Tracking System (ITS) for landing gear components.
C	AFMC, in conjunction with the AFAA and the Logistics Management Institute, reviewed Materiel Support Division prices to ensure stabilized spare parts pricing for FY 1999 and FY 2000.
C	AFMC prepared an extensive report for the Under Secretary of Defense (Comptroller) on the Air Force requirements determination process.

Planned Milestones (FY 2000):

Date:	Milestone:
3/00	An AFMC sponsored Integrated Process Team will perform an analysis to determine the correct number of stock level days to be used in the Air Force Requirements Computation System spares computation. AFMC Manual 23-1, Recoverable Consumption Item Requirements System, will be updated accordingly.
9/00	AFMC will assess the Ogden ALC Parts Supportability Tracking and Reporting (PSTAR) system to determine whether functional requirements are being duplicated in the ITS standard AFMC system.
9/00	AFMC will use revised stock level days in the September 2000 spares requirements computation.

Planned Milestones (Beyond FY 2000):

3/01	AFMC has initiated and will complete a Supply Chain Management improvement plan to focus on improving component spare parts support. A Constraints Analysis Program is also being developed to identify systematic supply shortfalls.
9/01	Headquarter personnel will review related metric information to ensure corrective actions were effective.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTION ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Management of Historical Property in the Air Force Museum System. Existing internal controls were not sufficient to properly manage and control historical property at United States Air Force (USAF) museums and other locations.

Functional Category: Support Services

Pace of Corrective Action:

Year Identified: FY 1996

Original Targeted Correction Date: FY 1998

Targeted Correction Date in Last Year's Report: FY 1999

Current Target Date: FY 2000

Reason for Change in Date(s): The identification of unreported historical property has not been completed at all locations.

Component/Appropriation/Account Number: Air Force, Operation and Maintenance, 57*3400

Validation Process: The effectiveness of corrective actions as implemented by major commands will be verified by USAF Museum.

Results Indicators: Corrective actions will result in fewer missing, improperly documented, or inadequately protected artifacts.

Source(s) Identifying Weakness: Air Force Audit Agency (AFAA) Report of Audit: USAF Museum System, Project 96051028, September 4, 1996.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	USAF Museum began conducting new basic curatorial course to provide training in the requirements and procedures of the USAF Museum System.
C	AF Manpower Standard for Field Museums (requiring minimum of three positions to operate a field museum or having it closed or reduced to a heritage center) published.
C	Implementation of Air Force Museum Artifact Tracking System (AFMATS) to provide a standard database for historical property began.
C	Special teams completed inventory of 383 historical property accounts.
C	Staff assistant visits performed at major historical property holdings.
C	Publish a revision of Air Force Instruction (AFI)-84-103, Museum System, which provides more detailed guidance for property disposal.
C	New AFMATS software distributed for inventorying and reporting historical property.
C	Unreported historical property identified for possible accessioning as artifacts.

Planned Milestones (FY 2000):

Date:	Milestone:
9/00	Continue identification of historical property for possible accessioning as new artifacts.
9/00	Major command history offices become responsible for field implementation.
9/00	The effectiveness of corrective actions as implemented by major commands will be verified by USAF Museum.

Planned Milestones (Beyond FY 2000):

Date:	Milestone:
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	None.
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DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
STATUS OF CORRECTIVE ACTIONS ON MATERIAL WEAKNESSES

Title and Description of Material Weakness: Pollution Prevention. Initial Army policies, plans, and programs have been established at all management levels; however, there remains widespread recognition that the Army's pollution prevention program is not fully effective. Budget decrements have placed pressure to divert funding toward immediate needs rather than long term cost avoidance via a sound pollution prevention program. Policy setting and funding execution is divorced creating an Army accountability issue within the environmental program. This management deficiency has resulted in a failure to identify up front and to implement early various pollution prevention requirements and opportunities that could reduce "total ownership costs" for the Army – that is, costs in operations, training, logistics, acquisition, weapons system and materiel management, research and development, health, safety, and other environmental program areas. For example, the Inspector General, Department of Defense (IG, DoD) found that the compliance audit process does not include procedures for oversight and followup of pollution prevention program deficiencies. They also found that opportunities for potential operational cost savings, reduced health risks, and reduced liabilities may have been missed. This could result in the Army not meeting the requirements of goals of Federal, State, and local regulations, DoD policies, and key Executive Orders on pollution prevention. Future costs and potential liabilities associated with environmental compliance and restoration are likely to increase.

Action will focus on a total Army integration of pollution prevention and how environmental issues effect the entire Army; and, more importantly, how all Army communities can improve long term cost avoidance in their environmental management areas to improve availability of Army funds to meet mission needs. Assistant Secretary of the Army (Installation and Environment) (ASA(I&E)) will show leadership in pulling together pollution prevention efforts and resources into its overall "Total Ownership Cost Reduction" programs, involving installations, logistics and environmental management programs. ASA(I&E) will set policies, program directions, guidance, obtain and allocate funds to address management processes and to clearly fix responsibility and provide tools for reducing/eliminating pollution. ASA(I&E) and Assistant Secretary of the Army (Acquisition, Logistics, and Technology) (ASA(AL&T)) will use existing relationships and see new ones to initiate innovative methods to improve pollution prevention integration into up front planning and development to reduce total ownership (including life cycle) and restoration costs for the Army.

Functional Category: Other

Pace of Corrective Action:

Year Identified: FY 1998

Original Targeted Correction Date: FY 2000

Targeted Correction Date in Last Year's Report: FY 2000

Current Target Date: FY 2001

Reason for Change in Date(s): This delay is attributable to the absence of an effective forum to discuss, direct, and monitor the attainment of the milestones identified in the material weakness. The Environmental Quality Control Committee (EQCC) is being reenergized. Additional emphasis will be placed on meeting the milestones and surfacing issues for discussion and direction at future EQCC meetings.

Component/Appropriate/Account Number: Army/Other Procurement, Army; Research, Development, Test and Evaluation, Army; Operations and Maintenance, Army Reserve and Army National Guard; Aircraft, and Wheeled and Tracked Vehicle.

Validation Process: US Army Audit Agency (USAAA) will validate final corrective actions.

Results Indicators: Improved accounting for environmental costs and liabilities across all mission areas. Alignment of resource levels with policy and guidance. Development and execution of strategic plans to identify and provide methodology to achieve a Total Ownership Cost reduction. Documented compliance with pollution prevention aspects of Federal, State, and local regulations; DoD policies; and key Executive Orders.

Source(s) Identifying Weakness: IG, DoD Report 98-001, Evaluation of the Department of Defense Pollution Prevention Program, October 30, 1997. IG, DoD Report 98-185, Financial Management of the RAH-66 Comanche Helicopter Program, August 6, 1998. Director of Environmental Programs, Office of the Assistant Chief of Staff for Installation Management review.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Established Environmental Technology Technical Council (ETTC) and Army Investment Strategy Policy addressing environmental quality technology Research, Development, Test and Evaluation critical needs.
C	Initiated "Pollution Prevention (P2) in Acquisition Process" Study.

- C Reevaluate the role of the Environmental Quality Control Committee (EQCC) and determine most effective application within current ASA(I&E) and ASA(AL&T) Headquarters, Department of the Army level partnerships.

- C Review and revise as necessary compliance audit processes to better address pollution prevention requirements, and also to ensure systemic, quality based approach to environmental management.

Planned Milestones (FY 2000):

Date:	Milestones:
03/00	Review funding policies for environmental management. Revise as needed to ensure “must fund” policies can be complied with and are consistent with overarching guidance (e.g., The Army Plan).
09/00	Review compliance and pollution prevention funding streams and revise funding strategy.
09/00	Execute Activity Based Costing analyses on pilot installations and acquisition programs to assess true “environmental costs of doing business.”
09/00	Adjust Program Objective Memorandum FY 2002 – 2007 to meet pollution prevention and environmental goals, across all Program Execution Guidance.
09/00	Ensure all pollution prevention plans and strategies are updated adequate and appropriately implemented.

Planned Milestones (Beyond FY 2000):

09/01	Fully integrate environmental considerations in acquisition program system engineering processes.
09/01	USAAA validates the final corrective action.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
CORRECTED MATERIAL WEAKNESS

Title and Description of Material Weakness: Intelligence Oversight. During FY 1997, the Office of the Deputy Chief of Staff for Intelligence (ODCSINT) conducted a review of Intelligence Oversight (IO). As a result, ODCSINT found that management controls were in place but not always being followed. IO responsibilities and duties across the Army are not fully understood by commanders, confusion exists on Military Intelligence (MI) limitations in supporting force protection in the Continental United States, and reporting federal crimes by nonmilitary intelligence personnel in MI units. These conditions occurred because the Army didn't have an adequate plan to fully integrate IO education/training into the Army psyche and there remains confusion in the field over who has primacy over IO, e.g., many commanders equate IO to the Inspector General (IG) because of IG inspections.

Functional Category: Communications/Intelligence/Security

Pace of Corrective Action:

Year Identified: FY 1997

Original Targeted Correction Date: FY 1998

Targeted Correction Date in Last Year's Report: FY 1999

Current Target Date: FY 1999

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Army/Operations and Maintenance, Army

Validation Process: US Army Audit Agency (USAAA) validated final corrective actions.

Results Indicators: Better understanding by commanders of their IO responsibilities, reduced incidents of information being collected on non Department of Defense affiliated U.S. persons, and integration of IO into Army training materials.

Source(s) Identifying Weakness: ODCSINT management review.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	ODCSINT began review of Army Regulation (AR) 381-10.
C	ODCSINT requested the Department of the Army IG focus IO inspections on systemic weaknesses.
C	ODCSINT conducted comprehensive review of IO to include trend analysis of IO violations and presented review results to DCSINT.
C	DCSINT hosted Army wide IO conference.
C	DCSINT requested Defense Intelligence Agency provide a copy of their IO film to the Joint Visual Information Center for inclusion into the Department of Defense training catalog.
C	Submitted requirements to US Army Intelligence and Security Command Information Management staff for interactive IO training materials.
C	Provided the Deputy Chief of Staff for Operations and Plans input into revision of AR 525-13, <i>The Army Combating Terrorism Program</i> to clarify Military Intelligence (MI) role in force protection and MI limitations on collecting U.S. person information.
C	Initiated requirements analysis of IO training requirements for interactive IO training materials.
C	Began ODCSINT IO staff assistance visits to the field.
C	Reviewed interactive IO training material proposals.
C	Negotiated a contract with Software Developer for interactive IO training materials.
C	Prepared DCSINT memorandum to the U. S. Army Training and Doctrine Command emphasizing the need for IO training at the Army schools and courses.
C	Developed and approved Interactive IO training materials prototype.

- C Conducted interactive IO training materials prototype acceptance testing.
- C Fielded IO web page to the field. For review and comment.
- C Activated IO web page.
- C USAAA validated corrective actions.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
CORRECTED MATERIAL WEAKNESS

Title and Description of Material Weakness: Foreign Liaison Officer (LNO) Program. During FY 1997, the Office of the Deputy Chief of Staff for Intelligence (ODCSINT) conducted a review of the LNO program. As a result, ODCSINT found that the Army didn't adequately manage the LNO program. Controls and safeguards over LNO access to United States Army facilities, classified military information (CMI), and controlled unclassified information (CUI) were not performed. Many LNOs were allowed access to Army activities/facilities without bilateral agreements between the Army and the participating foreign government. These conditions occurred because the Army didn't have adequate oversight over the management of the LNO program. This lack of oversight allowed foreign governments access to CMI/CUI. As a result, the Army had no assurance that CMI/CUI had not been compromised.

Functional Category: Communications/Intelligence/Security

Pace of Corrective Action:

Year Identified: FY 1997

Original Targeted Correction Date: FY 1998

Targeted Correction Date in Last Year's Report: FY 1999

Current Target Date: FY 1999

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Army/Operations and Maintenance, Army

Validation Process: US Army Audit Agency (USAAA) validated final corrective actions.

Results Indicators: Publication of revised Army Regulation (AR) 380-10, Technology Transfer/Disclosure of Information and Contacts with Foreign Representatives and approved bilateral agreements between the US Army and participating foreign government. These actions will bring discipline to the LNO program and reduced the risk of CMI/CUI compromise.

Source(s) Identifying Weakness: Headquarters, Department of Army (HQDA), ODCSINT management review.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Coordinated foreign disclosure associated with Foreign Liaison Officer (LNOs) with Army Inspector General's Office for inclusion into their inspection program.
C	DCSINT requested Department of the Army, Inspector General to include the LNO program into their inspection program.
C	Received final assignment of responsibility for the LNO Program.
C	Published electronic message to the Army announcing the ODCSIINT had assumed LNO program responsibility.
C	DCSINT signed memorandum to all foreign military attaches whose government's have LNOs assigned to the Army, that a complete program review was in progress and all positions will have to be covered by an international agreement.
C	Prepared proposed contractor support for program management.
C	Completed program review and assisted Major Commands in preparing for surge requirements associated with the LNO program.
C	ODCSIINT issued interim guidance to AR 380-10 concerning the LNO.
C	Submitted draft AR 380-10 to field for comment.
C	Initiated LNO program oversight procedures.
C	Reviewed field comments to draft AR 380-10.
C	Submitted final draft AR 380-10 for ARSTAFF approval.
C	Reviewed Army Staff (ARSTAFF) input to final draft AR and made final changes.
C	Submitted revised AR for publication.
C	USAAA validated corrective actions.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
CORRECTED MATERIAL WEAKNESS

Title and Description of Material Weakness: Processing of Reported Potential Violations of the Antideficiency Act (ADA). A material weakness existed in the Army National Guard's (ARNG) processing of potential ADA violations. Reports were being submitted significantly late to Assistant Secretary of the Army (Financial Management and Comptroller) (ASA(FM&C)) and not within required regulatory guidelines. Submission of reports of ADA violations are required by law to be submitted to Congress, Office of Management and Budget (OMB), and the President within a specified time. The ARNG's late submission of reports could have caused the Army and the Office of the Secretary of Defense to miss their required submission dates and gives the appearance of a lack of concern for proper stewardship of funds.

Functional Category: Comptroller and/or Resource Management

Pace of Corrective Action:

Year Identified: FY 1998

Original Target Correction Date: FY 1999

Targeted Correction Date in Last Year's Report: FY 1999

Current Target Date: FY 1999

Reason for Change in Date(s): N/A

Component/Appropriation/Account: Army/Operations and Maintenance, National Guard

Validation Process: US Army Audit Agency (USAAA) validated final corrective action.

Results Indicators: Correcting this material weakness should allow the ARNG to submit our ADA investigation reports within the timeframes allowed by the ASA(FM&C) and Under Secretary of Defense (Comptroller).

Source Identifying Weakness: Army National Guard Comptroller

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Obtained delegation of authority from the Chief, National Guard Bureau (CNGB) to ARNG Comptroller to assign Investigating Officers (IO) and approve/sign reports of investigation of violations occurring at State level.
C	Logged ADA actions and timeframes for processing.
C	Published Standing Operating Procedures (SOP) outlining responsibilities of all NGB offices to ensure all actions involving ADAs are given high priority and detailing limited timeframes for responses and new guidelines for IOs.
C	Increased management emphasis on processing ADA violations. Emphasized in training, meetings and newsletters the need to process ADA actions expeditiously.
C	Published National Guard Bureau OM 37-1, providing the information in the SOP outlined above as regulatory guidance.
C	Published National Guard Pamphlet 37-1, providing guidance to the States concerning processing of ADA violations.
C	USAAA validated final corrective actions.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
CORRECTED MATERIAL WEAKNESS

Title and Description of Material Weakness: National Guard (NG) United States Property and Fiscal Officer (USPFO) Rating Chain. Adequate management controls were not in place to guarantee NG USPFOs the requisite independence to carry out their federal statutory responsibilities. In June 1995, the Army General Counsel issued a legal opinion concluding “that the current rating scheme for USPFOs, under which these officers are rated by the respective State Adjutants General, undermines the ability of USPFOs to perform their federal property management responsibilities objectively and independently, and is thereby inconsistent with the Federal Managers’ Financial Integrity Act of 1982, as implemented by the Office of Management and Budget (OMB), the General Accounting Office (GAO), and Department of Defense (DoD).” Both legislative and judicial history supported this opinion, as does the Army regulation governing Officer Evaluation Reports.

In their opinion, the Army General Counsel provided a rating scheme (Vice Chief of the National Guard Bureau (NGB), rater; and Chief, NGB, senior rater) that would significantly improve the NGB’s ability to administer its management controls. National Guard leadership had failed to take action to remedy this weakness.

Functional Category: Comptroller and/or Resource Management

Pace of Corrective Action:

Year Identified: FY 1998

Original Targeted Correction Date: FY 1999

Targeted Correction Date In Last Year’s Report: FY 1999

Current Target Date: FY 1999

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Army/Operations and Maintenance, Army National Guard

Validation Process: US Army Audit Agency (USAAA) validated final corrective actions.

Results Indicators: National Guard USPFO rating chain revised to ensure independence to carry out their federal statutory responsibilities.

Source(s) Identifying Weakness: Inspector General, Department of Defense (IG, DoD) Report Number APO 93-008, Quality Assurance (QA) Review of the National Guard Bureau (NGB) Internal Review (IR) Organization, March 10, 1993.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	IG, DoD QA Review of the NGB IR Organization identified that NG IR auditors' lacked independence and qualifications. It also identified corrective action, which were agreed to by the NGB.
C	Senator Roth requested the IG, DoD review and assess the actions taken on the above issue.
C	IG, DoD responded to Senator Roth providing him documentation on corrective actions agreed to by the NGB and a status of their follow up.
C	Army General Counsel issued a legal opinion concluding that the current rating scheme for USPFOs, under which these officers are rated by the respective State Adjutants General, undermines the ability of USPFOs to perform their federal property management responsibilities. They also provided a rating scheme, which would improve the NGB's ability to administer its management controls.
C	Memorandum of Understanding between Assistant Secretary of the Army (Financial Management and Comptroller) (ASA(FM&C)), Deputy IG, DoD and Chief, NGB on converting IR positions to Title 32 Competitive Service.
C	ASA(FM&C) memorandum to Chief, NGB stating her concern that current USPFO rating chain involved significant deficiencies in management controls which merited reporting in the Army's FY 1996 annual assurance statement of management controls.
C	Chief, NGB memorandum to ASA(FM&C) stating that he would not change the current USPFO rating chain because it worked well and he had instituted procedures (e.g., change USPFO tenure from successive four year tours to an indefinite status after an initial three years) to mitigate state Adjutants General influence over USPFO ratings.

- C ASA(FM&C) memorandum to the Chief, NGB, reiterated the Army General Counsel's opinion and requested his plan to remove the impairment to USPFO independence.
- C ASA(FM&C) memorandum to Chief, NGB to ascertain status of his response to her June 1996 memorandum and reiterate her position on the independence of the USPFOs as it relates to the control environment of the NG.
- C ASA(FM&C) memorandum to Chief, NGB expressing her concern regarding the state of management controls over federal oversight within the National Guard at the state level. Specifically, she addressed establishing a new USPFO rating chain and the continued viability and independence of the USPFO's internal review activities. This memorandum requested the Chief, NGB provide a plan, by February 14, 1997, on how he would address these issues.
- C Deputy Army General Counsel (Ethics and Fiscal) memorandum to ASA(FM&C) stated that the June 26, 1995, NGB policy on USPFO tour length does not resolve the rating chain issue.
- C The Army Senior Level Steering Group (SLSG) conducted a review of this issue. The SLSG voted to recommend to the Secretary of the Army (SA) that it be reported as an Army material weakness in his FY 1997 annual statement of assurance on management controls.
- C ASA(FM&C) recommends this issue be included as a material weakness in the Army's FY 1997 Annual Statement of Assurance. The SLSG concurs.
- C The Secretary of the Army directs ASA(FM&C) to forward proposal for final resolution.
- C The Under Secretary of the Army directs the Assistant Secretary of the Army (Manpower and Reserve Affairs) (ASA(M&RA)) to take lead in exploring resolution of this issue.
- C ASA(FM&C) memorandum nonconcurs with draft National Guard Regulation (NGR) 130-6/ANGI-11-02, USPFO appointment duties and responsibilities because it omitted any reference of a USPFO rating scheme.

- C Acting ASA(M&RA) memorandum voices concern over ASA(FM&C) nonconcurrence and recommends that the Under Secretary of the Army, General Counsel (GC) and the Chief, National Guard Bureau address concerns.
- C ASA(FM&C) memorandum reaffirms that Army GC opinion must be followed and accepts offer of ASA(M&RA) to resolve issue.
- C Chief, NGB memorandum to SA solicits his support to resolve ASA(FM&C) nonconcurrence on NGR 130-6/ANGI 11-02.
- C ASA(FM&C) memorandum to SA reaffirms position.
- C Under Secretary of the Army directs that the USPFO rating chain be revised to comply with the Army General Counsel's opinion.
- C ASA(M&RA) developed policy and procedures to implement the Under Secretary of the Army's decision.
- C Chief, NGB revised the NGR 130-6/ANGI-11-2 to include the USPFO rating chain by designating an appropriate NGB official as the rater and the Chief, NGB as the senior rater. The NGB also allowed the State Adjutants General to provide "letter input" into the evaluation of the USPFOs with whom they work.
- C Memorandums to State Adjutants General and USPFOs were sent out by the Chief, NGB and Vice Chief, NGB respectively notifying them that, as of October 1, 1999, the Vice Chief, NGB would be the USPFO rater with the Chief, NGB as the Senior Rater. The State Adjutants General are provided the opportunity for "Letter of Input," which will be included in the permanent record file of the USPFO.
- C USAAA validated corrective actions.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
CORRECTED MATERIAL WEAKNESS

Title and Description of Material Weakness: Deficiencies in Management Control Program. A joint Department of Defense/Central Intelligence Agency Inspectors General (DoD/CIA IG) Inspection found that the Management Control Program was not fully implemented throughout the National Reconnaissance Office (NRO). There was a lack of standardization, incomplete training, and inadequate documentation. Managers were not aware of the full range of descriptive documentation required. There was a lack of standardized materials for implementation of the program.

Functional Category: Comptroller and/or Resource Management

Pace of Corrective Action:

Year Identified: FY 1996

Original Targeted Correction Date: FY 1997

Targeted Correction Date in Last Year's Report: FY 1999

Current Target Date: FY 1999

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: NRO

Validation Process: Effectiveness of the actions to correct this deficiency were assessed by review of component programs and results of internal and external reviews addressing management control weaknesses.

Results Indicators: The Management Control Program has seen increased standardization through greater interface and direction. Additional indicators will be the identification of management control weaknesses through management control program actions vice outside identification.

Source(s) Identifying Weakness: Joint DoD/CIA IG Inspection, "Joint Inspection of the National Reconnaissance Office," Inspection Report Number 96-014, July 23, 1996.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Establish a Policy and Compliance Office within the Resource Oversight and Management Office to coordinate Management Control Program activities.
C	Increase interface with Management Control Program assessable unit coordinators through bimonthly meetings and periodic visits/calls.
C	Draft revised NRO Management Control Program directive that incorporates greater standardization, individual responsibilities for all NRO managers and staff, and specific items to be addressed by assessable units in their management control program.
C	Develop a management control program training concept which addresses training requirements for all managers and staff.
C	Develop a training briefing outlining the basic management control program requirements and associated responsibilities.
C	Develop standardized tools for use in preparing management control program documentation.
C	Begin development of the NRO Management Control Program web site to provide a central source for program materials and direction. This web site will replace the NRO Internal Management Control Program Implementation Guide.
C	Establish Management Control Program section of the NRO Business Forum web page.
C	Publish the revised NRO Management Control Program directive. The directive will comply with the requirements of Office of Management and Budget Circular A-123, DoD Directive 5010.38, and DoD Instruction 5010.40.
C	Review the Management Control Program web site for sufficiency for program implementation material and guidance.
C	Perform an internal review of the management control program.

- C Review results of the IG, DoD review of the management control program being done as part of audit of NRO ability to comply with the Chief Financial Officers Act.
- C Validate that the management control program is fully implemented and includes adequate standardization, training, and documentation.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
CORRECTED MATERIAL WEAKNESS

Title and Description of Material Weakness: Civilian Retirement Claims Processing. Army was not meeting the Office of Personnel Management (OPM) goal for agencies to submit 80 percent of all retirement, refund and death claims to OPM within 30 days from the date of separation. Some known factors were delays by employees in applying for separation and delays of finance and personnel offices in forwarding retirement/separation records to OPM. Additional factors included the incorrect or untimely data submissions by the Civilian Personnel Operation Centers.

Functional Category: Comptroller and/or Resource Management

Pace of Corrective Action:

Year Identified: FY 1991

Original Targeted Correction Date: FY 1992

Targeted Correction Date In Last Year's Report: FY 1999

Current Target Date: FY 1999

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Army/Operations and Maintenance, Army

Validation Process: US Army Audit Agency (USAAA) validated final corrective actions.

Results Indicators: Meeting OPM processing goals ensures that payments and claims are processed in timely manner. This reduces hardship to the claimants.

Source(s) Identifying Weakness: Management Review and Congressional Inquiry

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Mandated use of OPM optional checklists to eliminate errors which cause delays.
C	Emphasized Army and OPM performance goals and educated workforce on responsibility to submit claims in timely manner.

- C Provided feedback to installations on quality and quantity of submissions.
- C Devised and installed automated monitoring system to identify source and cause of late submissions.
- C Finance network quality personnel reviewed the retirement processing as part of routine visits to Army finance and accounting offices.
- C Produced and provided regular performance reports to major commands and responsible headquarters Department of the Army activities and agencies.
- C Initiated a joint payroll/personnel Total Quality Management (TQM) task force to identify and correct problems.
- C Developed and distributed to the payroll and personnel offices, comprehensive guidance, e.g., Desk References pertinent to retirement, death and refund claims, as part of the TQM Program.
- C Ensured that the TQM Process Action Team, organized to address this weakness, used the various “tools” and reports provided by the Army Civilian Personnel Reporting System (ACPRS) to specifically pinpoint the delays at each step in the process, identified the reasons for the delays and provided detailed performance data to appropriate Headquarters, Department of the Army and Major Command functional activities.
- C The Army developed a timeliness tracking system in ACPRS. All Army personnel and payroll offices were notified of its establishment and the mandatory requirement to input special data elements into the systems.
- C The Office of the Assistant Secretary of the Army (Manpower and Reserve Affairs) (OASA(M&R)) (refined the ACPRS report to reflect who is not meeting the processing standards and which side of the house, payroll or personnel, is at fault when the 80 percent timeliness standard is not met.
- C The Defense Finance and Accounting Service (DFAS) completed deployment of Defense Civilian Pay System (DCPS) throughout the Army.
- C The Civilian Personnel Operations Center Management Agency (CPOCMA) issued guidance requiring the Civilian Personnel Operation Centers to input the data for recording the processing of

retirements, refunds, disabilities, and death claims and began direct oversight.

- C Functional proponentcy for this weakness transferred from the Office of the Assistant Secretary of the Army (Financial Management and Comptroller) to OASA(M&RA) to ensure appropriate oversight was placed on the timely processing of retirement and death in service personnel actions.
- C Test began on expedited processing for death in service cases.
- C US Army Audit Agency validated corrective actions.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
CORRECTED MATERIAL WEAKNESS

Title and Description of Material Weakness: Hearing Conservation Program. The Air Force Reserve Command (AFRC) Hearing Conservation Program (HCP) is a component of the Air Force Occupational Safety and Health Program specifically designed to protect workers from the harmful effects of hazardous noise. During FY 1998, it was revealed that although workers were provided and fitted with hearing protection equipment, internal controls were not in place to ensure all workers received hearing tests or were trained on hearing protection measures. Also, workplace surveys were not always performed, and hearing test equipment was not always checked prior to use. Furthermore, internal controls were not in place to ensure all segments of the population who were exposed to hazardous noise fully participated in the HCP.

Functional Category: Personnel and/or Organization Management

Pace of Corrective Action:

Year Identified: FY 1998

Original Targeted Correction Date: FY 1999

Targeted Correction Date in Last Year's Report: FY 1999

Current Target Date: N/A

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Air Force, Air Force Reserve, 57*3740

Validation Process: Headquarters reviewed field activity implementation as part of scheduled Staff Assistance visits during FY 1999.

Results Indicators: The AFRC should see an increased trend in the number of people participating in the HCP, which will aid in protecting workers from the harmful effects of hazardous noise.

Source(s) Identifying Weakness: Air Force Audit Agency Report of Audit: Air Force Reserve Command Hearing Conservation Program, Project 97051037, September 3, 1998.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	The AFRC Vice Commander directed wing commanders to report bimonthly performance standards that reflect participation in the HCP.
C	Reemphasized functional area responsibilities to all medical units.
C	Requested that the Air Force Inspection Agency include the HCP as a Special Emphasis Item for inspection.
C	Published revised Air Force Occupational Safety and Health Standard 48-20 to reflect functional area responsibilities in the HCP. This will include the specific metrics designed to provide oversight of the HCP.
C	Appointed an aerospace medicine physician as HCP consultant to provide HCP program manager with guidance and management oversight from a public health perspective.
C	Directed each medical unit to develop a procedure to track those people who do not keep their audiogram appointments.
C	Reevaluated policy restricting participation in the HCP to those reservists exposed to hazardous noise over 25 days per year.
C	Headquarter review of field implementation found that corrective actions were effective.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
CORRECTED MATERIAL WEAKNESS

Title and Description of Material Weakness: Naval Selected Reserve Force Mobilization Requirements. Department of the Navy (DON) field activities and manpower claimants did not always use effective procedures or policy guidance to develop and justify selected reserve (SELRES) manpower requirements. Field activities did not always review their mobilization requirements annually. Resource sponsors did not always consider those active duty personnel that are filling peacetime only billets as a source for filling ship and squadron mobilization requirements. Finally, 20 of the 22 manpower claimants interviewed did not include the function of determining SELRES manpower requirements as an assessable unit under the DON Management Control Program.

An independent validation of mobilization requirements was not performed and, as a result, SELRES mobilization requirements were overstated. Naval Reserve full time support billets had not been civilianized to the maximum extent possible, requiring the unnecessary use of costlier military assets. Department of Defense (DoD) and DON guidelines state that civilians shall be used unless military incumbents are required to successfully perform the duties involved. Personnel supporting the Naval Air Reserve function were not being used in an effective and efficient manner. More Full Time Support (FTS) personnel than needed were maintained to perform peacetime missions. SELRES personnel assigned to augment mobile facilities during mobilization were not needed as their duties could be performed by Active Duty personnel.

Functional Category: Personnel and/or Organization Management

Pace of Corrective Action:

Year Identified: FY 1992

Original Targeted Correction Date: FY 1995

Targeted Correction Date in Last Year's Report: FY 2000

Current Target Date: FY 1999

Reason for Change in Date(s): Corrective actions are completed and validated.

Component/Appropriation/Account Number: Reserve Personnel, Navy (RPN) (171405)

Validation Process: All corrective action(s) are certified by the responsible components upon completion and reviewed through on site verification, subsequent audit, inspection, quality assurance review, and management control review.

Results Indicators: Valid mobilization manpower requirements will ensure, and result in DON activities having an enhanced ability to accomplish mission and functions during a mobilization. Adequate SELRES manpower authorizations result in appropriate RPN programming and funding.

Source(s) Identifying Weakness: Naval Audit Service (NAVAUDSVC) Report 049-S-91, "Naval Surface Reserve Force Personnel and Training Readiness," June 25, 1991. NAVAUDSVC Report 069-S-92, "Naval Selected Reserve Force Mobilization Requirements," June 30, 1992. Inspector General, DoD (IG, DoD) Report 92-116, "Naval Reserve Reinforcing and Sustaining Units," June 30, 1992. IG, DoD Report 96-173, "Requirements for Naval Reserve Component Units Not Assigned to Support Regional Contingencies," June 21, 1996. NAVAUDSVC Report 013-97, "Military Essentiality of Naval Surface Reserve Force Full Time Support Billets," January 13, 1997. NAVAUDSVC Report 023-97, "Organization and Staffing of Selected Naval Air Reserve Functions," March 17, 1997.

Major Milestones in Corrective Action: (C=Completed)

Completed Milestone:

Date:	Milestone:
C	Ensure that SELRES manpower requirements is reported as an assessable unit.
C	Revalidate the responsible functional sponsor for each functional category. Revalidate all Navy Manpower Mobilization System (NAMMOS) functional categories for applicability under the new planning guidance. Revise the NAMMOS users manual.
C	Issue revised guidance on Navy total force manpower policies and procedures.
C	Provide guidance to manpower claimants on the procedures to be used to conduct a zero based review of all mobilization manpower requirements.
C	Write and issue a Secretary of the Navy Instruction on Naval reserve policy.
C	Perform functional category reviews/update the Concept of Operations for each functional category based on the new planning guidance.
C	Add the determination/validation/ programming procedures for mobilization manpower requirements to the PERS-51 Total Force Manpower Management course.

- C Revalidate all mobilization manpower requirements, and submit necessary manpower change requests.
- C Identify any cost savings/increases resulting from the revalidation/identification of alternate resourcing of SELRES requirements that results from the new guidance. Since 1992, the DON has eliminated a substantial number of sea based SELRES requirements, and a small number of shore based requirements. End strength was reduced from 127,269 in FY 1991 to 81,118 for FY 1996.
- C Establish guidelines for major claimants to require that independent personnel properly trained in the manpower functional area validate mobilization requirements. Guidance should specify that the independent manpower teams will report to the senior official of the major claimant being validated.
- C Justify mobilization requirements for Reserve Unit 106.
- C Review all zero based documentation to ensure the correct productivity adjustment factor has been used, and make any necessary changes to mobilization manpower requirements.
- C Establish a requirement for annual reviews of manpower claimants' mobilization requirements to ensure that they follow the policies and procedures in Chief of Naval Operations (CNO) Instruction 1000.16H, "Manual of Navy Total Force Manpower Policies and Procedures," March 25, 1994.
- C Include the requirement to screen civilian employees as a specific step in the assessment of mobilization workload in Chief of Naval Operations (CNO) Instruction 1000.16H.
- C Reduce Mobile Maintenance Facility mobilization SELRES personnel support, and reprogram billets.
- C Initiate action to convert Naval Reserve FTS billets to civilian status, including appropriate funding transfers.
- C Discontinue using military essentiality codes to justify military positions, unless positions are required to upgrade incumbents' combat essential military skills.
- C Verification: Conduct management reviews to certify the effectiveness of all corrective actions.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
CORRECTED MATERIAL WEAKNESS

Title and Description of Material Weakness: Records Management. A material weakness exists within the records management area because the records retention schedule has not been approved by the National Archives and Records Administration (NARA). NARA approval would allow destruction of official records. Due to a FY 1996 reorganization in the Defense Commissary Agency (DeCA), several additional file numbers, descriptions and dispositions had to be included in the planned records schedule before NARA could take action to approve.

Functional Category: Personnel and/or Organization Management

Pace of Corrective Action:

Year Identified: FY 1992

Original Targeted Correction Date: FY 1994

Targeted Correction Date in Last Year's Report: FY 1999

Current Target Date: FY 1999

Reason For Change in Date(s): N/A

Component/Appropriation/Account Number: Defense Commissary Agency/Defense Working Capital Fund Commissary Operations/97X4930

Validation Process: Effectiveness of corrective actions will be determined by management visits, feedback from training sessions, results of inspector general process reviews, management control reviews, and feedback from records staging and holding areas.

Results Indicators: Benefits derived from the corrective action and overall impact:

- 100 percent of units have properly established records management systems.
- Current FY records are properly controlled using DeCA records procedures.
- DeCA activities demonstrate compliance with annual records retention, destruction, or carrying forward requirements.

- Effective and efficient storage retrieval practices are in place to provide managers and action officers timely access to required records.

Source(s) Identifying Weakness: Managerial assessment, management assistance visits and functional information management program feedback.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Region management visits scheduled for FY 1992.
C	Draft directive containing policies and operating procedures distributed.
C	Records retention schedule submitted to NARA.
C	Functional training scheduled for FY 1993.
C	Complete functional training.
C	Review records program implementation/spot remedial training.
C	Review FY 1992 year end records close out and first year records disposition.
C	Complete records management visits to regions, service centers and agency staff.
C	Review design for electronic records system.
C	Published draft records retention schedule.
C	Store records management concept development plan.
C	Store records management requirements analysis.
C	Store records management market survey.
C	Store records management analysis of alternative.
C	Design electronic records system.
C	Procure and install hardware at selected pilot test region.

- C Install commercial off the shelf (COTS) software. Upload store records and retention schedule into the system.
- C Commence pilot testing.
- C End pilot testing/evaluate results.
- C Procure hardware/software for full deployment.
- C Commence full deployment.
- C Train users on electronic system.
- C Verification/Validation - Close material weakness.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
CORRECTED MATERIAL WEAKNESS

Title and Description of Material Weakness: Unaccompanied Enlisted Personnel Housing. The Department of the Navy activity overestimated the barracks requirements for unaccompanied permanent party enlisted personnel. Permanent party personnel were not accurately identified and the inventory of permanent party barracks spaces and private housing assets that were used to compute permanent party barracks requirements were not accurately validated, documented and reported.

Functional Category: Property Management

Pace of Corrective Action:

Year Identified: FY 1999

Original Targeted Correction Date: FY 1999

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: FY 1999

Reason For Change in Date(s): N/A

Component/Appropriation/Account Number: Military Construction, Navy (171205)

Validation Process: All corrective action(s) are certified by the responsible components upon completion and reviewed through on site verification, subsequent audit, inspection, quality assurance reviews, and management control evaluations.

Results Indicators: Proper identification of personnel requiring unaccompanied permanent party enlisted barracks spaces and inventory of permanent party barracks spaces will ensure that future barracks construction projects are planned to meet accurately identified and authorized requirements.

Source(s) Identifying Weakness: Inspector General, Department of Defense (IG, DoD) Report Number 99-018, "Unaccompanied Enlisted Personnel Housing Requirements For Naval Air Station North Island, California," October 21, 1998.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Identify all current and future base loading personnel data.
C	Validate the number of existing permanent party enlisted barracks spaces reported on the R-19 report.
C	Document the rationale for classifying barracks spaces as being inadequate.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
CORRECTED MATERIAL WEAKNESS

Title and Description of Material Weakness: Controls Over Personal Property at Closed and Realigned Bases. Accountability controls over personal property at closed and realigned bases required improvement. Property was shown on accountability records that was not on hand, and other property items on hand were not on accountability records.

Functional Category: Property Management

Pace of Corrective Action:

Year Identified: FY 1999

Original Targeted Correction Date: FY 1999

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: FY 1999

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Air Force, Base Realignment and Closure, 97*0510

Validation Process: Base level property managers have accomplished inventory reconciliation.

Results Indicators: The Air Force will improve the accuracy of personal property records at closed and realigned bases.

Source(s) Identifying Weakness: AFAA Report of Audit: Personal Property at Closed and Realigned Bases, Project 97052006, October 1, 1998.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Site managers updated personal property inventory listings.
C	Reviewed existing personal property management procedures.

- C Updated existing personal property management procedures to include inventory record maintenance and annual inventory requirements.
- C Directed program managers to include periodic, random reviews of compliance with personal property procedures.
- C Base level property managers have accomplished an annual inventory reconciliation.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
CORRECTED MATERIAL WEAKNESS

Title and Description of Material Weakness: Navy Management of Missile Storage, Handling, and Inspections. The Department of Navy (DON) planned to construct explosive ordnance structures that it did not need. Department of Defense (DoD) Instruction 7040.4 specifies military construction (MILCON) funds are not to be used until full consideration is given to converting or altering existing structures to satisfy new requirements.

Functional Category: Property Management

Pace of Corrective Action:

Year Identified: FY 1996

Original Targeted Correction Date: FY 1997

Targeted Correction Date in Last Year's Report: FY 1999

Current Target Date: FY 1999

Reason For Change in Date(s): N/A

Component/Appropriation/Account Number: Military Construction, Navy (171205)

Validation Process: All corrective action(s) are certified by the responsible components upon completion and reviewed through on site verification, subsequent audit, inspection, quality assurance review, and management control review.

Results Indicators: The DON will put MILCON funds to better use for needed explosive ordnance structures, disposal of excess ordnance, increasing available space in ordnance structures, and consolidating the management of ordnance structures.

Source(s) Identifying Weakness: Inspector General, DoD (IG, DoD) Report Number 96-025, "Navy Management of Missile Storage, Handling, and Inspections," November 27, 1995.

Major Milestones in Corrective Action: (C = Completed)

Completed Milestones:

Date:	Milestone:
C	Establish a policy requiring the timely disposition of excess ordnance.
C	Cancel \$56.0 million of constructions projects, including 11 of the 15 planned explosive ordnance storage structures.
C	Establish a specific DON activity as the worldwide manager of shore based ordnance, and validate requirements for all future ordnance construction projects.
C	Revise procedures in DON Instruction for reporting use of ordnance structures to include clarification for reporting small arms ammunition space.
C	Verification: On site verifications, subsequent audits, inspections, quality assurance reviews, and management control reviews verify elimination of unneeded and unjustified missile storage facilities.

DEPARTMENT OF DEFENSE
FISCAL YEAR 1999
CORRECTED MATERIAL WEAKNESS

Title and Description of Material Weakness: Management and Administration of International Agreements in the U.S. Central Command. Identified in Office of the Inspector General, Department of Defense, Audit Report Number 98-094, March 23, 1998. This report indicated that a material weakness existed in identifying the total number of international agreements that have been negotiated and concluded in the U.S. Central Command (USCENTCOM). Specifically, the component commands within USCENTCOM, as well as other DoD organizations, were negotiating and concluding international agreements without notifying USCENTCOM during negotiations or providing the command a copy of the agreement when concluded. As a result, USCENTCOM was not cognizant of the international agreements concluded within its area of operations and whether duplicate agreements were being negotiated and concluded.

Functional Category: Other

Pace of Corrective Action:

Year Identified: FY 1998

Original Targeted Correction Date: FY 1999

Targeted Correction Date in Last Year's Report: FY 1999

Current Target Date: N/A

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: N/A

Validation Process: The method to be used to certify effectiveness of the corrective action is the identification of the final inputs to the database created in May 1998.

Results Indicators: The key results that will be achieved do not include monetary benefits. Rather, they are the qualitative performance measures found in fulfilling DoD direction to maintain files on international agreements and facilitating research on international agreements that currently exist, have expired or are under negotiation.

Source(s) Identifying Weakness: Inspector General, DoD Audit Report Number 98-094, Management and Administration of International Agreements in the U.S. Central Command, March 23, 1998.

Major Milestones in Corrective Action: (C = Completed)

Creation of the following described database on international agreements: Relational database designed using Microsoft Access software that correlates multiple data fields to include country, subject, dates of entry and expiration, citations to publications, if available and signatories. These fields are further organized and accessible according to whether the agreements are current, expired or under negotiation. The database allows for individual reports to be printed to include the index of current agreements (provided annually to DoD General Counsel) or individual agreement breakout by country, which will also assist individuals engaged in negotiation of pending agreements in particular countries.

Completed Milestones:

Date:	Milestone:
C	Completed database initial construction and inputs.
C	Completed database inputs to remaining fields and migrated program to classified CENTCOM Homepage.